ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Bennett	√		
Freeman	√		
Veleta	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

INVESTIGATION OF THE INDIANA UTILITY REGULATORY COMMISSION REGARDING THE PUBLIC UTILITY REGULATORY POLICIES ACT SECTION 111(d) STANDARDS AS AMENDED BY THE INFRASTRUCTURE INVESTMENT AND JOBS ACT.	)	
	)	**CAUSE NO. 45816**
RESPONDENTS: NORTHERN INDIANA PUBLIC SERVICE COMPANY; DUKE ENERGY INDIANA, LLC; INDIANA MICHIGAN POWER COMPANY; SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A CENTERPOINT ENERGY INDIANA SOUTH; INDIANAPOLIS POWER & LIGHT COMPANY D/B/A AES INDIANA; AND ANDERSON MUNICIPAL POWER & LIGHT	)	**APPROVED: DEC 27 2023**

ORDER OF THE COMMISSION

Presiding Officers:
James F. Huston, Chair
Sarah E. Freeman, Commissioner
Loraine L. Seyfried, Chief Administrative Law Judge

On December 7, 2022, the Commission issued an Order commencing this investigation to consider measures to promote greater electrification of the transportation sector as referenced in Section 111(d)(21) of the Public Utility Regulatory Policies Act ("PURPA") by the Infrastructure Investment and Jobs Act ("IIJA"). 16 U.S.C. § 2621(d)(21).

Northern Indiana Public Service Company ("NIPSCO"); Duke Energy Indiana, LLC ("Duke Energy Indiana"); Indiana Michigan Power Company ("I&M"); Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("CEI South"); Indianapolis Power & Light Company d/b/a AES Indiana ("AES Indiana"); and Anderson Municipal Power & Light were named Respondents.

Petitions to intervene were filed by the Citizens Action Coalition of Indiana, Inc. ("CAC"), ChargePoint, Inc. ("ChargePoint"), Walmart, Inc. ("Walmart"), and the Indiana State Conference of the National Association for the Advancement of Colored People ("Indiana NAACP"), each of which was granted by docket entry.

The Commission held a prehearing conference and preliminary hearing on January 25, 2023, at 2:00 p.m., in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis,

Indiana. On February 1, 2023, the Commission issued a Prehearing Conference Order, establishing a procedural schedule for this Cause.[1]

On April 4, 2023, the Presiding Officers notified the parties via docket entry of the issues to be addressed in this Cause. A Technical Conference was held on April 14, 2023, at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana, at which the issues to be addressed were discussed.

On June 12, 2023, various parties prefiled testimony addressing the issues, and on July 10, 2023, various parties prefiled responsive testimony.

An evidentiary hearing was held on August 4, 2023, at 9:30 a.m., in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Respondents NIPSCO, Duke Energy Indiana, I&M, CEI South, and AES Indiana, (collectively, "the Utility Group"), the Indiana Office of Utility Consumer Counselor ("OUCC"), and Intervenors CAC, ChargePoint, Walmart, and Indiana NAACP appeared by counsel and participated in the evidentiary hearing. The prefiled testimony of Respondents, the OUCC, and Intervenors was admitted into the record without objection, and all parties waived cross-examination.

Based upon the applicable law and the evidence of record, the Commission finds as follows:

1. Notice and Jurisdiction. The Commission published notice of the evidentiary hearing in this Cause as legally required. Each of the Respondents is a "public utility" as defined in Ind. Code § 8-1-2-1 and is subject to the Commission's jurisdiction concerning its rates and charges pursuant to Ind. Code § 8-1-2-42 or Ind. Code § 8-1.5-3-8. Therefore, the Commission has jurisdiction over Respondents and the subject matter of this proceeding.

2. Purpose of Investigation. On November 15, 2021, the IIJA amended PURPA by adding two new standards for consideration by state regulatory authorities, one of which addressed electric vehicle ("EV") charging programs.[2] More specifically, Section 111(d)(21) provides that:

> Each State shall consider measures to promote greater electrification of the transportation sector, including the establishment of rates that--
>
> (A) promote affordable and equitable electric vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;
>
> (B) improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles;

[1] On September 5, 2023, pursuant to a request by the parties, the Commission issued a docket entry modifying the procedural schedule to allow additional time to submit proposed orders and established a deadline for responses to such proposed orders.

[2] The other standard addressed demand-response practices, which the Commission determined needed no further consideration. *See* December 7, 2021 Order initiating this Cause.

(C) accelerate third-party investment in electric vehicle charging for light-, medium-, and heavy-duty vehicles; and

(D) appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

PURPA requires each state regulatory authority (with respect to each electric utility for which it has ratemaking authority) to: (1) consider this standard, and (2) determine whether it is appropriate to implement such standard to carry out the purposes of this chapter. 16 U.S.C. § 2621. The purposes of this chapter are to encourage: (1) conservation of energy supplied by electric utilities, (2) the optimization of the efficiency of use of facilities and resources by electric utilities, and (3) equitable rates to electric consumers. 16 U.S.C. § 2611.

In an April 4, 2023 docket entry, the Presiding Officers informed the parties that the Commission's consideration of this standard would be limited to those measures for which the Commission has primary subject matter jurisdiction and would not require additional authority by the state legislature. While the Commission's ultimate decision in this Cause is to determine whether measures regarding this standard should be implemented, the Presiding Officers found it appropriate to consider suggestions concerning the manner in which possible measures or actions could be implemented and the associated costs/benefits to better inform the Commission's decision as to whether actions should be taken to implement the standard. Thus, the parties were informed the Commission would consider: (1) possible measures to promote EV adoption (specifically make-ready infrastructure and its associated costs/benefits), and (2) possible utility rate designs to reasonably promote greater electrification of the transportation system through price signals to customers (both end-use customers and intermediary customers, such as EV charging station owners).

3. <u>Summary of the Parties' Primary Recommendations</u>. The Utility Group, via testimony from Kevin A. Kirkham, Strategy and Risk Integration Manager for NiSource Corporate Services Company; Zac Elliot, Electrification Portfolio Lead for AES US Services, LLC; Adriane E. Jaynes, Electric Vehicle Program Manager for American Electric Power Service Corporation; and Cormack C. Gordon, Director, Transportation Electrification for Duke Energy Business Services, LLC, recommends the following:

- Because traditional ratemaking, including contributions in aid of construction ("CIAC"), may not be sufficient to promote widespread investment in EV charging equipment, the Commission should make electric vehicle supply equipment ("EVSE") ratemaking decisions on a flexible case-by-case basis, and consider the use of EVSE rebates, make-ready credits, and EVSE tariffs. Respondent AES Indiana Ex. 1 at 6-7.
- The Commission and utilities should utilize cost/benefit analyses similar to those used to evaluate demand side management ("DSM") programs, with the societal cost test ("SCT"), participant cost test ("PCT"), and ratepayer impact measure ("RIM") test used to evaluate EV programs. Respondent NIPSCO Ex. 1 at 17.
- The Commission should allow utilities to use a proactive approach to system upgrades for EVSE to achieve efficiencies and avoid delays. However, the Utility

Group does not support the publication of capacity maps. Respondent Duke Energy Indiana Ex. 1 at 5-6.

- The Commission should encourage but not require pursuit of state or federal grants. Respondent AES Indiana Ex. 1 at 9.
- The Commission should allow utilities to use a variety of rate structures, incentives, and programs to promote efficient EV charging, including time variable pricing, managed charging, reduced demand charges (with recovery of the utility's fixed costs), and tariff-based EV lease rates. Respondent NIPSCO Ex. 1 at 6-7.
- The Commission should approve metering infrastructure that meets the criteria of being efficient and reliable, without unduly limiting options and innovation. *Id.* at 13.
- The Commission should support various, flexible EV cost allocations that are based on cost causation principles and support policy objectives and market characteristics, considering the needs of both end users and the utility. Respondent I&M Ex. 1 at 3-5.
- Each utility should be allowed to design their EV program based on their program goals and specific territory differences; however, certain federally funded EV programs must follow federal Justice40 Initiative[3] ("Justice40") requirements, and the Justice40 community mapping tools should serve to expedite EV program implementation and design consistency in communities that are marginalized, underserved, and overburdened by pollution. Respondent NIPSCO Ex. 1-R at 10-13.

The OUCC, via testimony from John E. Haselden, a consultant, recommends the following:

- The Commission should establish a collaborative process to find rate designs that more accurately reflect the attributes and costs of EV charging without ratepayer subsidies. OUCC Ex. 1 at 10-11.
- The Commission should maintain the application of 170 IAC 4-1-27 without exception. *Id.*
- The Commission should assure a level playing field of competition between third party vendors of charging services and electric utilities. Utility-owned and operated EV charging services should be run as "below-the-line" businesses without captive ratepayer subsidization through rate base recovery. Estimated costs of charging equipment and operations and maintenance costs associated with public chargers should not be included in base rates. *Id.*
- External funding from grants should be first applied to make-ready costs on the utility side of the meter to eliminate other customers' subsidization, including make-ready costs for rural or disadvantaged locations. *Id.*
- Benefit/cost analyses should be conducted in a reasonable and robust manner to ensure forecasted outcomes have a high likelihood of realization. This includes examining sensitivities to interest rates, term of analyses, degradation of technologies, and other variables that can change results. *Id.*

[3] White House Executive Order 14008.

The CAC, via testimony from Benjamin Inskeep, Program Director, recommends the following:

- The Commission should direct electric utilities to engage in a public stakeholder collaborative on designing transportation electrification rates and programs. CAC Ex. 1 at 18.
- The Commission should direct utilities to file a comprehensive transportation electrification plan ("TEP") with the Commission that takes into consideration stakeholder feedback provided in the collaborative no later than December 31, 2024, and to update and file a TEP at least every two years thereafter. *Id.*
- When considering utility proposals related to transportation electrification, the Commission should place a strong emphasis on residential customer bill affordability, meaningfully addressing inequities in access to EV charging in low-income communities and communities of color, and removing barriers to EVSE deployment. *Id.*

The Indiana NAACP, via testimony from Barbara Bolling-Williams, President, recommends the following:

- The Commission should consider equity and inclusion when making decisions designed to incentivize electric utilities to promote EV adoption and in particular, investment in EV charging infrastructure investments—particularly, to ensure compliance with PURPA and Justice40. Indiana NAACP Ex. 1 at 3 and Ex. 2 at 1.
- The Commission should require utilities to adopt the Indiana Alliance for Equity, Diversity and Inclusion of Electric Vehicle Infrastructure and Economic Opportunities Six Point Plan ("Six Point Plan") to ensure EV infrastructure is placed, installed, and maintained in an equitable manner in such a way that it benefits Black and other disadvantaged communities. The Six Point Plan consists of: (1) Transparency in Data Reporting; (2) Minority Business Enterprise Goals; (3) Workforce Hiring and Development; (4) Prioritizing Placement of EV Charging Stations with Grid Resiliency Improvements (including solar); (5) Decreasing Harmful Air Pollution (such as greenhouse gas emissions); and (6) Establishing an Equity Advisory Board. Indiana NAACP Ex. 1 at 5-11.
- Existing low-income programs should be expanded to provide consumers in Black, racially, and ethnically diverse communities with information, hardware, installation, and incentives associated with EV charging. *Id.* at 12.
- The Commission should allow non-traditional ratemaking mechanisms, which can reasonably promote utility investment in make-ready investments. Unless all the costs and benefits are adequately analyzed, use of traditional ratemaking (especially CIAC) for promoting utility side of the meter investment necessary for EV infrastructure appears to be fatally flawed. *Id.* at 13; Ex. 2 at 2-4.

Walmart, via testimony from Lisa V. Perry, Senior Manager, Energy Services, recommends the following:

- In evaluating ratemaking mechanisms to promote utility investment in make-ready EV infrastructure, the Commission should consider only the utilities' actual

expenditures related to such investments. The benefits of these investments may be categorized as traditional benefits (such as the revenues generated by the additional load brought on by the EVSE through the sale of electricity to EV drivers) and non-energy related benefits from the promotion of EV adoption (such as reduced tailpipe emissions). Walmart Ex. 1 at 7.

- To encourage proactive utility investment in system upgrades to promote customer transition to electric fleet vehicles and supporting equipment, the Commission and utilities should take into consideration customer-provided projections on the amount and location of needed additional load. *Id.* at 8.
- To remove barriers to customer installation of EV charging equipment, the Commission may need to adapt the regulatory process in a way that allows utilities to proactively plan for future EV charging growth and to install needed infrastructure in areas of anticipated growth prior to immediate customer need. *Id*.
- In considering CIAC for a single customer to upgrade service for EV charging, the Commission should require utilities to employ a case-by-case analysis to strike a balance between recovering an appropriate amount from the individual customer and ensuring other customers are not held responsible for unused abandoned infrastructure assets without unreasonably delaying projects. *Id.* at 10.
- The Commission should require utilities to pursue funding through available federal and state grant opportunities as a condition for approving any EV program. *Id.*
- The Commission should require utilities to consider developing various rate structures that consider different use cases and charging patterns, particularly for public charging facilities. *Id.* at 11-12.
- The Commission should require ongoing assessments of needed rate design changes to allow utilities to manage their grids efficiently while also ensuring rates are fair, reasonable, and free of cross-subsidizations. *Id.* at 13.
- Rates should be based on the cost to serve customers, but the Commission may consider temporary alternative rates for certain EV intermediary business models in geographic locations where public chargers are not being used or are used infrequently to promote third-party investment. *Id*.
- The Commission should ensure that EV rates are flexible and adapt over time as the transportation EV sector develops. *Id.* at 14.
- The Commission should continue to examine load size, usage characteristics, and unique financial and operational characteristics of different charging use cases for the purpose of eventual inclusion in cost-of-service studies, so that all charges can eventually be based on cost-causation. *Id.* at 14-15.
- When utilities serve as the EV intermediary customer, the Commission should ensure that rates are not anti-competitive and will not stifle investment in and deployment of public EV charging. *Id.* at 15-17.

ChargePoint, via testimony from Matthew J. Deal, Senior Manager of Utility Policy, recommends the following:

- The Commission should direct the utilities to develop and propose make-ready programs to cover all or a portion of utility and customer side infrastructure costs in their service territories. ChargePoint Ex. 1 at 46.

- The Commission should direct the utilities to design and propose new rates in the general service class with significantly reduced or eliminated demand charges. *Id.*
- The Commission should establish a standard of review for all utility proposals to own and operate public EV charging stations that requires such proposals to serve the public interest, not hinder the development of the competitive EV charging market, and support the site host choice of equipment and network vendors. *Id.*
- The Commission should revisit residential EV specific rates. *Id.* at 47.
- The Commission should direct the utilities to modify their tariffs, as necessary, to remove any prohibition on resale so providers of EV charging services can price and sell their services in accordance with House Enrolled Act ("HEA") 1221. *Id.*
- Should the Commission adopt CAC's recommendation for a TEP process, the Commission should direct the utilities to: (1) file TEPs every three years; (2) forecast EV adoption on a six- to ten-year timeframe; (3) consider and propose changes to CIAC policies; and (4) consider and propose strategies to accelerate interconnection timelines. ChargePoint Ex. 2 at 4-5.

4. Summary of the Evidence. The parties addressed questions raised in this proceeding regarding the three primary areas for consideration: (A) measures to promote EV adoption; (B) rate design for end-use customers; and (C) rate design for intermediary customers.

Issue (A)(1) — Does traditional ratemaking sufficiently promote utility investment in make-ready investments in the promotion of EV adoption?

A. Initial Testimony.

1. Utility Group. The Utility Group's view is that, while traditional ratemaking encourages investment on the utility side of the meter, it might not be sufficient to drive widespread adoption of EV charging infrastructure in the state. The Utility Group acknowledges the possible need for subsidies to promote EV charging stations, particularly in underserved areas, but emphasizes that any such subsidies must be in the public interest.

In support of this view, the Utility Group notes that traditional ratemaking recognizes that utilities have an obligation to invest in utility "make-ready" infrastructure, which is the infrastructure necessary to support EV charging on the utility's side of the meter. This approach is generally compensated through policies like CIAC, which in some cases requires the customer to pay a portion of the costs depending upon the existence and extent of revenues expected to result from the project. AES Indiana witness Elliot notes the distinction between utility "make-ready" and customer "make-ready" infrastructure. The latter involves investments needed on the customer's side of the meter to facilitate EV charging projects and in Indiana, traditional ratemaking generally doesn't allow electric utilities to recover costs associated with customer make-ready investments.

2. OUCC. The OUCC takes the view that the existing CIAC framework provides protections to both the initiating customer and other customers. The OUCC

also recognizes that alternative rate structures that consider the unique characteristics of EV load and the potential to minimize the impact on the utility system's demand may be needed.

In support, the OUCC notes that the concept of "make-ready" infrastructure involves the construction and equipment necessary on the utility's side of the meter to ensure sufficient power supply to EV chargers, which might encompass line extensions and upgrades to circuits. According to the Commission's regulations (170 IAC 4-1-27), customers requesting new services are responsible for the costs, and if estimated revenues for the first 30 months are not enough to cover the costs, the customer pays the difference. This provision ensures that funds from these customers do not subsidize excess construction costs.

Further, OUCC witness Haselden states that, due to the relatively low market penetration of EVs in Indiana (only 0.2% of light-duty vehicles at the end of 2021), the costs associated with EV charging stations can be higher than what the market demand can support. EV charging stations typically operate under commercial general service rates, which include demand charges in addition to volumetric charges. Demand charges are designed to recover fixed infrastructure costs required for delivering the service. Since the adoption of EVs is currently low, a significant portion of the charges at EV charging stations is attributed to demand charges. Charging station operators often set high pricing per kilowatt-hour ($/kWh) to cover these costs, along with operational upgrade expenses for utility infrastructure.

3. CAC. CAC expresses concerns about the potential scope and costs of make-ready investments, particularly if the investments end up benefiting private businesses more than low-income communities and communities of color. CAC is also concerned that utilities might "rate base" these investments, driving higher electricity bills for customers. CAC witness Inskeep states that utility customers should not subsidize make-ready investments that primarily benefit private businesses seeking to increase their traffic and shareholder value. Instead, CAC prefers targeted and limited investments that benefit public schools, public transit, low-income communities, communities of color, and affordable housing. Additionally, CAC expresses general reservations about non-traditional ratemaking mechanisms due to their historical impact on consumer bills and lack of transparency and oversight.

4. Indiana NAACP. The Indiana NAACP focuses on equitable implementation of EV infrastructure, especially in Black, racially, and ethnically diverse communities in Indiana. Indiana NAACP witness Bolling-Williams testifies that the Commission should require each electric utility to adopt the Six Point Plan as follows:

- Transparency in Data Reporting: Electric utilities should be required to have consumer-friendly websites and electronic means to identify where investments are being made, showing progress on inclusion of Black and ethnically diverse communities. Ms. Bolling-Williams states this is essential to create accountability so that utility actions can be observed by interested stakeholders.
- Minority Business Enterprise Goals: When considering where make-ready infrastructure is to be deployed, electric utilities should be required to prioritize Black Business Enterprise locations because it will encourage EV adoption and address historic inequities.
- Workforce Hiring and Development: Electric utilities should be required to exceed 10% Minority Business Enterprise goals by prioritizing their focus on hiring, training, and

developing Black, racially, and ethnically diverse contractors and individuals for the installation of make-ready infrastructure.

- Placement of EV Charging Stations: The Commission should require electric utilities to prioritize placement of EV charging stations and necessary grid resiliency improvements (including community owned solar) in Black, racially, and ethnically diverse communities and business locations, faith-based institutions, and under-resourced schools. Ms. Bolling Williams asserts that equity-driven policy and planning is required to ensure existing transportation inequities are not perpetuated.
- Decreasing Air Pollution: Fossil fuel-based energy production has a disproportionately negative impact on Black and other disadvantaged communities. Accordingly, EV make-ready infrastructure should prioritize these communities to reduce the amount of air pollution to which members of the community are exposed.
- Equity Advisory Board: The Commission should require electric utilities to have an equity advisory board that functions to identify and prioritize where make-ready infrastructure should be located and the type and level of investment required. Existing advisory boards could be leveraged as long as they include individuals from Black, racially, and ethnically diverse communities. Identifying community locations for public infrastructure improvements envisioned by Ind. Code ch. 8-1-43 should also be a priority for any equity advisory board.

5. Walmart. Walmart discusses how Indiana's existing ratemaking framework supports make-ready investments through reduced regulatory lag between investment and cost recovery. Walmart witness Perry explains that utilities have cost recovery options, such as using a forward-looking test year or rider mechanisms. Under the Indiana statutes, utilities can select historical, forward-looking, or hybrid test years when conducting cost-of-service studies for ratemaking. With historical test years, utilities base their revenue needs on data from previous years and recover actual costs incurred during those years. Forward-looking or hybrid test years allow utilities to include some make-ready infrastructure costs in the test year, enabling quicker recovery after investment. The reduction in regulatory lag encourages utilities to invest more promptly in make-ready infrastructure. Additionally, Walmart notes that the use of various riders instead of base rates may also reduce regulatory lag. Under this approach, a utility is able to recover costs on a timelier basis than through base rates, with typical true-ups on actual costs after the fact. The use of such riders also supports utility make-ready investments.

6. ChargePoint. ChargePoint's view is that the primary barriers to EV deployment are financial, but utility companies are uniquely positioned to help alleviate these by investing in make-ready infrastructure. ChargePoint notes that regulatory tools also exist to allow utilities to recover costs in ways that serve the public interest.

ChargePoint addresses the challenges and economic considerations involved in deploying EVSE, such as charging stations. ChargePoint witness Deal points out there are several barriers to EVSE deployment, such as high upfront costs (installing EVSE is expensive due to a mix of customer-side, utility-side, and equipment costs); financial viability (for the station to be financially viable, it needs high utilization, which is affected by the number of nearby EVs, technological trends, and pricing schemes); and sustainability (achieving financial sustainability is difficult due to high initial investment, high demand charges, and low station utilization).

Next, ChargePoint identifies several categories of costs associated with EVSE deployment, including: utility make-ready infrastructure (includes substations, transformers, and meters); customer make-ready infrastructure (involves conduit, wiring, panels, and switchgear); and EVSE (the charging dispenser itself). The total cost varies based on grid conditions, total power output, and the number of ports, but the Edison Electric Institute estimates about $1 million per site for four 150-kW fast charging ports.

ChargePoint believes utility companies can best assist in the deployment of EVSE by investing in make-ready infrastructure, because such work aligns with their core competencies in installing and maintaining distribution assets.

With respect to regulatory tools to bolster EVSE deployment, ChargePoint notes that the meter is typically the point of demarcation between utility and customer equipment, and under traditional regulation, utilities are not allowed to recover costs associated with customer-owned infrastructure. However, Mr. Deal said the Commission has allowed for recovery of costs from behind-the-meter installations where it serves the public interest. He also notes that HEA 1221 (Ind. Code ch. 8-1-43), gives electric utilities explicit authority to own make-ready infrastructure for electric transportation.

B. Responsive Testimony.

1. Utility Group. With regard to utility ownership of EV charging infrastructure, the Utility Group notes that Ind. Code ch. 8-1-43 allows utilities to own and operate public use EV charging infrastructure and the opportunity to recover the costs through basic rates. The Utility Group believes utilities are uniquely positioned to serve the public interest by ensuring equitable access to charging infrastructure and by managing system reliability as EV adoption increases. AES Indiana witness Elliot asserts that utilities, as uniquely responsible for the safe and reliable operation of the distribution system, are the only entities capable of managing the increased electric load from EVs, promoting core system reliability, and managing future rate impacts. With regard to competition and market dynamics, the Utility Group notes that, unlike other entities, utilities must prove their plans to operate EV charging stations are reasonable and in the public interest.

With respect to make-ready infrastructure, the Utility Group states that Indiana law, specifically Ind. Code ch. 8-1-43 and Ind. Code § 8-1-2-61, does not differentiate between utility and customer make-ready infrastructure needs and allows cost recovery if deemed just, reasonable, and in the public interest. For areas with a high likelihood of future load growth, the utility has an obligation to serve and the ability to move forward with prudent make-ready investments through both traditional and non-traditional ratemaking.

In line with Walmart's view, the Utility Group also recommends treating CIAC on a case-by-case basis, weighing the costs and benefits for each initiating customer.

Overall, the Utility Group advocates for a nuanced, flexible, and public interest-focused approach to utility ownership and operation of EV charging infrastructure. It is supportive of mechanisms that reduce regulatory lag and facilitate equitable and efficient infrastructure development.

2. OUCC. The OUCC emphasizes four points. First, there should be no exceptions to the regulatory treatment of make-ready investments that would otherwise be funded by CIAC. Second, make-ready investments—carried as regulatory assets, and eventually included in base rates—in anticipation of new charging loads are not warranted at this time. Third, utility-provided rebates for charging equipment—carried as regulatory assets, and eventually included in base rates—must rely on time-of-use ("TOU") rates or demand response to be cost-effective. OUCC witness Haselden states that more experience and rigorous analyses are needed to verify whether rebates are cost-effective for EV charging infrastructure or equipment. Finally, the "downward pressure on rates" theory cited by the Utility Group and ChargePoint does not apply to public charging infrastructure unless it is effectively managed. The theory rests on the idea that rates for captive customers will be lower if fixed costs are spread over a higher volume of sales but this is only true if fixed costs remain constant and do not rise from increased loads of uncontrolled public chargers. The OUCC notes the theory may apply to managed residential and fleet charging load.

3. Indiana NAACP. The Indiana NAACP focuses on concerns related to the Utility Group's testimony on incentivizing EV infrastructure investment through traditional and non-traditional ratemaking methods. The Indiana NAACP argues that the suggested ratemaking strategies may not adequately benefit Black and other disadvantaged communities. More specifically, the Indiana NAACP asserts EV infrastructure investment may be more costly and problematic in these underserved communities for multiple reasons, including historically lagging electric investments, load profiles, and load mix. Instead of burdening these already disadvantaged communities with high upfront costs, the Indiana NAACP recommends that these costs should be socialized or spread among a broader base of customers.

The Indiana NAACP also points to the testimony of CAC witness Inskeep who testifies that reducing or waiving a customer's CIAC may be warranted in certain instances such as those involving EV charging for electric school buses, public transit, tenants of affordable multi-family housing, and low-income communities and communities of color. The Indiana NAACP emphasizes that an EVSE Tariff that passes all costs to the participating customer, like a CIAC policy, should not be the preferred way of promoting EV investment. The Indiana NAACP also recommends that, in addition to the demonstration of need suggested by the CAC to receive ratepayer funding to assist with EV buildout, Black and other disadvantaged communities should be presumptively approved for a waiver of the CIAC for EV infrastructure investment.

4. ChargePoint. ChargePoint recommends that the Commission direct the utilities to develop and propose make-ready programs to cover all or a portion of utility and customer side infrastructure costs in their service territories. ChargePoint also recommends that the Commission establish a standard of review for all utility proposals to own and operate public EV charging stations that require such proposals: be in the public interest; not hinder the development of the competitive EV charging market; and support site host choice of equipment and network vendors. Finally, should the Commission adopt CAC's recommendation to establish a TEP process, the Commission should direct the utilities to file TEPs every three years, forecast

EV adoption on a six-to-ten-year timeframe, consider and propose changes to CIAC policies, and consider and propose strategies to accelerate interconnection timelines.

ChargePoint disagrees with CAC's portrayal of make-ready programs as inherently expansive in scope and magnitude. Instead, ChargePoint argues that the make-ready model represents a strategic and cost-efficient approach for utilities to support transportation electrification. The essence of this model is that it focuses on the utility's core competency—designing and constructing electrical infrastructure. ChargePoint emphasizes that a crucial element in utility make-ready programs is the involvement of site hosts who invest some of their capital in charger deployment. This "cost-share" element leverages private investment and consequently reduces both the risk and scope of the utility's investments in EV charging infrastructure.

Referring to NIPSCO witness Kirkham's discussion of cost-benefit tests, ChargePoint suggests that the Commission should endorse appropriately sized make-ready programs where the benefits provided to ratepayers outweigh the associated costs. ChargePoint submits that cost-benefit tests, when applied to specific utility make-ready proposals, offer a suitable approach to assess whether the scope of utility make-ready programs is in the best interest of ratepayers.

Regarding CAC's concern about make-ready programs primarily benefiting private businesses, ChargePoint counters that the focus on private investment in building out charging infrastructure is essential. A recent study by the National Renewable Energy Laboratory (NREL) estimates that fulfilling the nationwide demand for EV charging infrastructure by 2030 necessitates substantial public and private investment. ChargePoint emphasizes that stimulating private investment is crucial to expanding charging infrastructure without overburdening ratepayers. ChargePoint acknowledges that, in the current market stage, infrastructure costs can impede charger deployment. The make-ready program, which involves utility incentives to cover a portion of costs on both utility and customer sides of the meter, encourages site hosts like retailers and workplaces, to invest their own capital in charging infrastructure. This, in turn, accelerates EV adoption, aligning with CAC's observation of widespread consumer interest in EVs.

ChargePoint affirms that make-ready programs targeted at non-residential customers benefit both current and potential EV drivers. ChargePoint asserts that CAC's testimony overlooks a significant advantage of the make-ready model—its potential to focus investments on segments that can greatly improve charger accessibility, thus driving EV adoption and delivering direct benefits in Indiana. As an example, ChargePoint cites the U.S. Department of Energy's report that access to workplace charging substantially increases the likelihood of an individual purchasing an EV. ChargePoint asserts utility make-ready support would expedite charger deployment and provide drivers with access to EV benefits, such as reduced fuel and maintenance costs.

ChargePoint acknowledges CAC's observation that while home charging is the most affordable means of charging EVs, not all communities have equal access to this option. ChargePoint endorses the idea of targeted strategies and interventions, including make-ready investments, to promote EV adoption in school buses, transit buses, low-income communities, and communities of color, concluding that this approach will ensure equitable access to EVs.

ChargePoint highlights the necessity of commercial charging options at workplaces, retail areas, and public parking lots, particularly for those without access to home charging. ChargePoint

suggests that targeted strategies for charger access enhancement, such as incentives, align well with a comprehensive make-ready program. ChargePoint points out that EVs are mobile, so drivers could freely use publicly accessible charging stations beyond their residential neighborhoods.

ChargePoint advocates for tiered incentive structures that provide extra support to sites in low-income communities and communities of color, ensuring that no community is left behind by utility make-ready programs. As an illustration, ChargePoint refers to Illinois' Beneficial Electrification program, which allocated funding specifically to environmental justice/low-income communities. ChargePoint urges the Commission and utilities to consider such an approach that extends make-ready support to all customers while offering additional incentives for underserved communities.

In response to the OUCC, ChargePoint asserts that, consistent with the results of studies in Michigan and other states, Indiana ratepayers are likely to benefit from downward pressure on rates due to increased EV load. ChargePoint discusses the results of a study that estimated the benefits to Michigan ratepayers in the form of reduced electricity bills would be $2.6 billion in a scenario in which there are five million EVs on the road and 20,000 MW of new load. ChargePoint also referenced the results of a study by Synapse Energy Economics that found the western US region, which has the highest rate of EV adoption in the country, experiences the highest differential between the costs imposed by EVs and the revenues collected from EVs.

Issue A(2) — What non-traditional ratemaking mechanisms might be appropriate to reasonably promote utility investment in make-ready investments?

A. <u>Initial Testimony</u>.

1. <u>Utility Group</u>. The Utility Group's testimony discusses various non-traditional ratemaking mechanisms and programs aimed at encouraging utility and utility customer investment in EV infrastructure, specifically make-ready infrastructure. AES Indiana witness Elliot notes the diversity in public policy support and Commission-approved non-traditional ratemaking mechanisms. He gives examples of non-traditional approaches that aim to promote investments in EV charging infrastructure.

First, he describes EVSE rebate programs, which primarily encourage third-party investment in EVSE but also indirectly incentivize utility investment in traditional make-ready infrastructure. These rebate programs can offset the cost of EVSE, customer-side make-ready infrastructure, and sometimes even a customer's CIAC obligation. An example of an EVSE rebate program is AES Ohio's EVSE Rebate program, which offers rebates of up to 50-100% of project costs based on the customer and EVSE type. This program has led to the completion or reservation of funds for 110 EV charging projects in west central Ohio.

Another example is make-ready credits. Similar to rebate programs, make-ready credits focus on customer-side make-ready infrastructure. Duke Energy's make-ready credit tariff in North Carolina provides incentives for make-ready infrastructure needed for third-party-owned

EV charging projects. The incentive comes in the form of a revenue credit based on Duke Energy's existing line extension policy methodology.

A third example is EVSE tariffs, which offer a turnkey solution where utilities provide installation, ownership, and operation of EV charging equipment, and sometimes customer make-ready infrastructure. For example, Kentucky Utilities Company offers an EVSE tariff where customers pay a fixed monthly cost for a specified period. These tariffs are typically funded by participating customers and complement traditional ratemaking.

The Utility Group asserts these mechanisms that build upon traditional ratemaking are supported by public policy in Indiana, particularly HEA 1221. Ind. Code ch. 8-1-43 allows electric utilities to propose limited deployments of EV charging or make-ready infrastructure to evaluate the feasibility, costs, and benefits of larger-scale deployment for public use EVs. Furthermore, utilities can offer incentives, rebates, or other mechanisms to encourage customer investment in public use EVs and associated EV supply equipment. The Utility Group notes that, in addition to Chapter 43, HEA 1221 also amended Ind. Code ch. 8-1-2.5 to empower the Commission to approve alternative pricing structures and tariffs, including time-varying pricing, to stimulate investments in EVs and EV infrastructure.

2. OUCC. Rather than advocating for the use of non-traditional ratemaking mechanisms to spur the development of EVSE, the OUCC emphasizes the use of existing mechanisms like CIAC, without creating subsidies for other customers. The OUCC also emphasizes that EVs and EVSE are not necessary to provide electric utility service, and utility ownership and operation of EVSE should be accounted for as a below-the-line business segment. The OUCC recognizes, however, that issues concerning availability of EV charging equipment in rural and disadvantaged communities should continue to be discussed among stakeholders, with Commission decisions in this area guided by policy promulgated by the Indiana General Assembly.

3. CAC. CAC generally opposes the utilization of non-traditional ratemaking methods, like trackers, for various utility expenses. CAC states its opposition stems from a history of such mechanisms leading to increased consumer bills. CAC further states that this is reflected in the fact that Indiana residents now pay the highest average monthly electricity bills in the Midwest, according to the U.S. Energy Information Administration.

CAC cautions the Commission against granting utilities unrestricted authorization to implement non-traditional ratemaking. According to CAC, concerns arise particularly when these mechanisms lack transparency, have limited Commission oversight, allow cost recovery without demonstrating effective investment use, have expedited regulatory timetables hindering thorough examination, or restrict public participation by reducing opportunities for public hearings.

CAC acknowledges, however, that waiving or reducing a customer's CIAC might be justifiable in certain cases to achieve significant public policy objectives—such as supporting EV charging for electric school buses, public transit, affordable multi-family housing residents, low-income communities, and communities of color. CAC believes these areas require targeted utility investment to address public health concerns and disparities in EV charging access. However,

CAC emphasizes the need for a demonstration of necessity to access ratepayer funding for assisting with EV infrastructure expansion.

4. Indiana NAACP. The Indiana NAACP supports the use of non-traditional ratemaking for EVSE investments. The Indiana NAACP cites the Commission's Order in Cause No. 44478 as an example, in which the Commission determined that it was in the public interest to use an alternative regulatory plan involving extension costs. The Indiana NAACP notes that in the area of EVSE, an alternative regulatory plan could be structured to ensure equitable make-ready infrastructure investment and equitable EV charging station investment in Black, racially and ethnically diverse communities. The Indiana NAACP emphasizes the public interest requires such investments.

The Indiana NAACP cites examples of non-traditional mechanisms being used to support EVSE. For instance, in Portland, Oregon, Portland General Electric has created a model that the Commission could adopt to require utility providers to go beyond the meter. The Portland program is designed to level the playing field for EV charging by making discounted use of EV chargers available. A similar model could be beneficial for Black, racially, and ethnically diverse communities in Indiana. The Indiana NAACP stresses that the Commission must continue taking action to promote electric utility practices and procedures that address climate change and environmental injustice.

5. Walmart. Walmart reiterates that two common mechanisms are already in place in Indiana that could promote utility investment in make-ready infrastructure: a forward-looking test year and/or rider recovery.

6. ChargePoint. ChargePoint discusses various aspects of utility investment in make-ready infrastructure and the associated regulatory and business models for EV charging stations.

With regard to non-traditional ratemaking mechanisms, ChargePoint emphasizes that utility investments in behind-the-meter infrastructure could attract private investment in EV charging stations by reducing or eliminating upfront costs. While utilities have not traditionally owned infrastructure on the customer side of the meter, they possess the expertise needed for the installation of wiring, conduit, trenching, and related electrical equipment necessary for EV charging. ChargePoint notes that non-traditional models, such as utility ownership or providing rebates for electrical components on the customer side of the meter, have been approved by various regulators across different states.

ChargePoint also discusses utility investment models that can balance the benefits of transportation electrification for ratepayers with minimizing their financial impact. Two primary models are utility make-ready and customer rebates. In the utility make-ready model, the utility installs, owns, and maintains the electrical infrastructure needed for charging station installation. This approach prepares the site for charging station deployment, with the actual charging hardware being owned and operated by a third-party host. In the customer rebate model, the utility provides rebates to customers for the installation and operation of charging stations. These rebates can offset the costs of constructing make-ready infrastructure and purchasing charging stations. The

ownership of behind-the-meter equipment remains with the customer, but the utility's rebates help alleviate the costs.

ChargePoint states that the Commission has the authority to approve utility investments that cover costs associated with charging infrastructure or make-ready infrastructure on the customer side of the meter. However, specific investment models need to be carefully considered to ensure they are strategic, low-risk, and cost-effective. ChargePoint notes that traditionally, the utility-customer demarcation is at the meter, and suggests that while utility ownership of all make-ready infrastructure might not be the most suitable approach, limited instances of utility ownership of customer-side make-ready infrastructure could accelerate charger deployment, especially in areas with slower adoption. Nonetheless, ChargePoint concludes that it is generally preferred for site hosts to retain ownership of charging equipment to maintain a competitive market. ChargePoint states that, while utilities in Indiana have offered rebates for EV charging equipment, there don't seem to be active programs that address the burden of infrastructure costs for commercial site hosts through utility or customer-side make-ready programs.

ChargePoint's testimony highlights the advantages of utility investment in make-ready programs for EV customers. Utilities are seen as well-positioned to support the growth of a competitive and sustainable EV charging ecosystem. ChargePoint contends that by offering support for customer-side make-ready infrastructure, utilities can promote competition, innovation, and customer choice in charging services.

ChargePoint recommends that the Commission takes steps to facilitate the development and implementation of make-ready programs for EV charging infrastructure. These programs should be designed to cover all, or a portion of, the costs associated with both utility and customer-side infrastructure. ChargePoint witness Deal suggests the programs should focus on supporting customer-side infrastructure through the use of rebates, rather than utilities owning the behind-the-meter assets. This approach would allow for cost recovery while enabling utilities to gain expertise in assisting EV site hosts with charger installations.

ChargePoint takes the position that a rebate-based model for make-ready infrastructure would be relatively easy to implement and align with the traditional practice of customers owning assets on their side of the meter. This approach would also help assess whether more permanent changes to traditional ratemaking, such as allowing utilities to own customer-side infrastructure or altering policy for EV site hosts, are suitable for the future. ChargePoint states that make-ready programs should not be limited to public charging.

B. Responsive Testimony.

1. Utility Group. The Utility Group discusses the regulatory and legislative framework in Indiana governing make-ready infrastructure for EV charging stations. AES witness Elliot states that the definition of make-ready infrastructure in Ind. Code ch. 8-1-43 does not distinguish between infrastructure required by utilities and that needed by customers. Citing to Ind. Code § 8-1-43-8(a) and (f), he said electric utilities are allowed to install and own make-ready infrastructure for public EV charging stations and to recognize the costs incurred for such infrastructure in utility rates if deemed "just, reasonable, and in the public interest" by the Commission. The Commission is given the discretion to evaluate utility infrastructure investment

for EV make-ready equipment on a case-by-case basis based on reasonableness and the public interest.

The Utility Group notes that there are both traditional and non-traditional methods for encouraging investment in make-ready infrastructure. A broad set of costs and benefits should be considered to ensure that both participating and non-participating customers benefit from these investments.

The Utility Group notes that both Ind. Code ch. 8-1-43 and 8-1-2.5 provide a legal basis for utilities to propose and seek cost recovery for make-ready infrastructure. Utilities in Indiana are already engaged in planning for distribution. If an area is likely to experience growth in EVs, utilities are obligated to prepare for that, often through traditional and non-traditional ratemaking mechanisms. Proposing and delivering pilot programs, such as those authorized under Ind. Code ch. 8-1-43, are instrumental for long-term planning, regardless of whether the infrastructure is owned by utilities.

According to the Utility Group, there is no one-size-fits-all definition for disadvantaged communities. The Utility Group suggests that this should be based on each utility's specific circumstances and goals, possibly using existing frameworks like the NAACP's Six Point Plan or the Justice40 initiative, which aims to direct 40% of federal investment benefits to marginalized communities.

In summary, the Utility Group believes that both legislative and regulatory frameworks already exist to facilitate investment in make-ready infrastructure for EVs, and they are in favor of utility companies taking proactive steps to prepare for future demand.

2. OUCC. The OUCC responds to differing viewpoints regarding the role of utilities in supporting EV adoption through make-ready investments, utility rebates, and other subsidies.

With regard to make-ready investments, the OUCC argues that exceptions to 170 IAC 4-1-27 would require all ratepayers to support the specific interests of certain parties. Essentially, the OUCC claims that this would be akin to taxing the general public to serve a "public interest" goal, which should be decided by the Indiana General Assembly.

With regard to utility rebates, while some parties advocate for utility rebates as a means to encourage EV adoption, the OUCC opposes this, believing the source of these subsidies should not be jurisdictional ratepayers. The OUCC notes that while subsidies are commonly provided in DSM programs to reduce load, EV adoption actually increases load.

3. Indiana NAACP. Regarding non-traditional ratemaking for customer-side make-ready infrastructure investment, the Indiana NAACP identifies several mechanisms highlighted by the Utility Group aimed at encouraging EVs and associated infrastructure investment, such as the EVSE rebate programs, make-ready credit tariff, EVSE

tariffs, and Ind. Code ch. 8-1-43. The Indiana NAACP concurs that these mechanisms warrant evaluation but stresses the need for transparency and oversight by the Commission.

Regarding EVSE programs, the Indiana NAACP emphasizes particular attention should be paid to customer demographics, as well as to electric utility policies that address climate change and environmental injustice. Indiana NAACP witness Bolling-Williams argues that an EVSE tariff that merely passes all costs onto the customer, similar to a CIAC policy, should not be the primary approach for promoting utility-based EV investments.

The Indiana NAACP also identifies the challenges faced by residents of Black and other disadvantaged communities, many of whom reside in apartments or other multi-unit dwellings. The Indiana NAACP advocates for the prioritization of access and affordability of EV infrastructure in publicly accessible sites near Black businesses as a way to spur economic growth in such communities.

The Indiana NAACP emphasizes the need for both traditional and non-traditional ratemaking mechanisms to be developed with an eye toward making EV chargers accessible around multi-unit dwellings, diverse business locations, faith-based institutions, and under-resourced schools for these disadvantaged communities. Revenue sharing for EV infrastructure located in Black and other disadvantaged communities is also underscored as an important factor. The Indiana NAACP also expresses optimism about AES Indiana's proposal to offer dedicated EVSE rebates within federally designated disadvantaged communities.

The Indiana NAACP recommends the Commission require the electric utilities to continue exploring creative solutions to develop the necessary infrastructure, aimed at ensuring that Black and other disadvantaged communities experience significant progress in accessing and utilizing EV chargers.

4. ChargePoint. ChargePoint agrees with the CAC on the importance of allowing the Commission and other stakeholders to review make-ready programs proposed by utilities and the associated details on cost recovery, ratepayer impact, and the benefits for both participants and non-participants. However, ChargePoint points out that these make-ready programs often only offer limited cost relief for customer-owned equipment situated behind the meter. As a solution, ChargePoint proposes that non-traditional ratemaking methods, particularly the rebate model, can accelerate EV charger deployment. ChargePoint argues that costs incurred through rebates could be recovered as expenses, rather than being reflected in utility ratebase, which could reduce regulatory lag and overall costs to ratepayers compared to the traditional ratemaking process. Therefore, ChargePoint encourages the Commission to consider non-traditional mechanisms of cost recovery and provide utilities with the flexibility to employ them in their make-ready programs.

ChargePoint also endorses CAC's recommendation that each investor-owned utility should develop a comprehensive TEP. The plan would be periodically updated and serve as a consolidated document detailing various aspects, such as EV adoption trends, charger accessibility in underserved communities, and public funding opportunities. According to ChargePoint, such TEPs are common in states like New Mexico, Oregon, and Illinois, and can greatly assist the Commission and stakeholders in evaluating the prudence and efficacy of utility-led transportation

electrification initiatives. Additionally, TEPs foster stakeholder input before utilities submit their plans for Commission approval.

However, ChargePoint suggests a couple of minor modifications to CAC's TEP recommendations. First, ChargePoint proposes extending the update frequency for TEPs from two years, as recommended by CAC, to three years, arguing that a two-year cycle is too short for the effective planning and implementation of transportation electrification programs. Such a short timeline could also introduce regulatory uncertainty and disrupt the continuity of programs aiming to accelerate the deployment of charging stations. Secondly, ChargePoint disagrees with CAC's idea of a 20-year forecast for EV adoption, arguing that the rapidly evolving nature of the EV market makes a 20-year forecast speculative and not particularly useful. Instead, ChargePoint suggests that a shorter forecast, ranging between six to ten years, would be more practical and could provide more accurate insights for planning purposes.

Issue A(3) — What are the appropriate costs and benefits the Commission should consider when determining the reasonableness of employing ratemaking mechanisms to promote utility investment in make-ready investments?

A. Initial Testimony.

1. Utility Group. The Utility Group states that, in Indiana, utilities have supported EV pilot programs using five different cost benefit tests that have historically been used to evaluate DSM programs in the State. Those five tests are:

- PCT – measures the costs and benefits from the perspective of the participant customer – in this instance, that participant customer would be an EV driver participating in an EV program.
- RIM – measures the change in customer bills or rates due to changes in utility revenues and operating costs caused by the EV program.
- Total Resource Cost Test ("TRC") – measures the net costs of an EV program as a resource option based on the total costs of the program, including both the participants' cost and the utility's costs (excluding incentives paid by the utility to participants).
- SCT – measures the net economic benefit to the utility service territory, state, or region as measured by the total resource cost test plus indirect benefits such as environmental benefits.
- Utility Cost Test ("UCT") – measures the cost-effectiveness from the utility's perspective. It measures the benefits of an EV program with respect to the cost of achieving those benefits.

The Utility Group believes the PCT, RIM, and SCT tests are likely best suited to evaluate EV programs. The UCT and TRC tests are likely less appropriate because neither test includes environmental benefits and the UCT does not include the benefits for the participant. The Utility Group notes that the expected environmental benefits of widespread EV adoption are well documented, and at such a degree that the federal government and many state governments are actively seeking out methods to promote transportation electrification.

The Utility Group states that the SCT includes all the benefits and costs of the TRC test as well as environmental benefits, which are a critical component in evaluating the impact of an EV program. The PCT helps illustrate the attractiveness of an EV program from a participant perspective while the RIM test helps illustrate if an EV program could serve to reduce utility bill costs for all customers, including non-participating customers. These two tests serve to balance overall decisions related to EV programs. The Utility Group provides a table that breaks down each of the cost/benefit tests discussed above, including EV-specific components for each. Respondent NIPSCO Ex. 1 at 18.

2. OUCC. The OUCC notes that benefit/cost analyses, particularly for DSM programs, generally focus on long term cost-effective assessments. But such analyses often operate on the assumption that key variables will remain constant over time, an assumption that is increasingly shaky the longer the term of the analysis. However, the longer the term over which this analysis is conducted, the greater the risk that the results may be inaccurate due to changes in key assumptions. To ensure that decisions are robust, sensitivities around these assumptions should be scrutinized.

In the specific context of EV charging, the OUCC points out technology is evolving so rapidly that long-term benefit/cost analyses can quickly become outdated. Therefore, it is advisable to base the term of the analyses on the expected lifespan of the technology itself, rather than the equipment, which could have a much longer lifespan. This approach helps to avoid the problem of investing in technologies that could soon become obsolete, leaving so-called "stranded assets" that are no longer useful or valuable.

The OUCC notes that, traditionally, the RIM test has been used to evaluate the cost-effectiveness of load-building programs like EV charging. The RIM test specifically assesses the impact on non-participant customers, who make up about 99% of the customer base. While still a valid measure, the OUCC suggests the RIM test needs to be updated by using shorter expected lifespans in the analyses and incorporating sensitivity analyses to better account for risks related to rapidly evolving technologies.

3. Walmart. Walmart witness Perry states that the consideration of costs should include the utility's actual expenditures related to any make-ready infrastructure investments. The benefits associated with this infrastructure may be categorized into both traditional benefits, such as the revenues generated by the additional load brought on by the EV charging equipment through the sale of electricity to EV drivers, and the non-energy related benefits from the promotion of EV adoption, such as reduced tailpipe emissions.

B. Responsive Testimony.

1. Utility Group. The Utility Group takes issue with the OUCC recommendation to use asset lives in cost/benefit tests based on expected technology life rather than equipment life, noting that doing so would skew results such that potentially no EV program would pass. The Utility Group contends that, at a minimum, the Commission should not make a specific finding in this Cause on what kind of expected life should be used to evaluate the costs

and benefits of EV programs, in favor of leaving that determination for individual programmatic decisions as they are brought in for regulatory approval.

With regard to the use of the RIM test, the Utility Group does not disagree with the OUCC that it should be used to evaluate the cost-effectiveness of EV programs. But the Utility Group emphasizes the RIM test should not be the only test used to evaluate EV programs. Rather, the Utility Group believes the SCT and PCT are also well-suited to evaluate programs that promote EV adoption. The SCT includes all of the benefits and costs included in the TRC test as well as environmental benefits, which are a critical component in evaluating the impact of an EV program. The PCT helps illustrate the attractiveness of an EV program from a participant perspective while the RIM test helps illustrate if an EV program could serve to reduce utility bill costs for all customers, including non-participating customers. These two tests serve to balance overall decisions related to EV programs.

2. OUCC. The OUCC argues the standard RIM test for cost-effectiveness is often insufficient for justifying utility investments and subjective environmental benefits are sometimes put in to bolster the appearance of cost effectiveness. The OUCC believes that including environmental benefits in the RIM test is inappropriate unless those benefits are directly reflected in the rates charged to consumers. The OUCC expresses concern that the net present value analysis for determining cost-effectiveness is often based on variables and assumptions that can be manipulated to appear favorable on paper but may not be realistic. These variables include technology life, discount rates, avoided costs, and persistence, among others. The OUCC contends that utilities should not pass the cost of encouraging EV adoption onto all jurisdictional ratepayers. Instead, any move to subsidize EV adoption should be taken up by the Indiana General Assembly.

3. Indiana NAACP. The Indiana NAACP agrees with the Utility Group that the PCT, SCT, and RIM tests are the most relevant and best suited to evaluate utility EV programs. However, the Indiana NAACP emphasizes that metrics that consider public health costs, improvements in air quality, and lower operation and maintenance costs for utilities are worth considering for historically marginalized communities. The Indiana NAACP strongly recommends that with each of these cost/benefit tests, the Commission require electric utilities to conduct community outreach for obtaining input from the Black and other disadvantaged communities.

4. ChargePoint. In response to the OUCC's concern that cost-effectiveness tests do not consider variables such as technology life, ChargePoint witness Deal testifies that, though fast charging technology is improving, lower power equipment will not necessarily need to be replaced before its useful life is over because it will continue to be appropriate at sites with longer-dwell times. As a result, ChargePoint asserts that programs to facilitate the installation of EV chargers do not need to consider the cost risk of technological obsolescence.

Issue A(4) — How should the utility manage any system upgrades that are necessary for fleet changeover without undue subsidization or delaying customer conversion of their fleets to EVs?

A. Initial Testimony.

1. Utility Group. The Utility Group states that electrification presents a complex array of challenges for fleet operating companies and utility providers alike. The pressing need to decarbonize due to political and customer pressures places economic demands on fleet companies to transition to EVs. However, as fleets shift to EVs, the demand for substation and feeder capacity increases. Utility Group witness Gordon said most fleets consist of medium and heavy-duty vehicles that consume considerably more energy compared to light-duty vehicles and require high reliability to prevent operational disruptions and financial losses. Furthermore, fleets tend to be concentrated in specific areas such as warehousing districts near transportation hubs, which results in localized load clustering. While electrification supply chains are maturing and enabling new loads to materialize in a matter of months, upgrading the electrical infrastructure to support these new demands could take years.

The Utility Group raises concern that multiple fleet locations may electrify in quick succession, leading to a potential overload on circuits and necessitating costly upgrades. Because the current process for upgrades is often sequential, inefficiencies could result as partial upgrades may need to be redone due to the rapid electrification of other locations.

To address these issues, the Utility Group emphasizes that a proactive approach is necessary. Traditional reactive methods of addressing load growth are inefficient and delay economic benefits for both fleet operators and ratepayers. They assert Indiana's targeted economic development structure provides a model for utilities to invest in anticipation of growth, aligning with proactive strategies needed for fleet electrification.

Despite these challenges, the Utility Group believes all types of customers can benefit from fleet electrification. Managed charging from various types of EVs can help spread out the demand, reducing peak loads and potentially lowering rates. Commercial fleets, driven by economic incentives, are likely to adopt strategies to manage their charging efficiently.

The Utility Group notes that the question of whether utilities should publish public capacity maps presents additional considerations. While transparency is valuable, publicizing capacity maps could lead to unintended consequences. Some customers might rush to secure available capacity, potentially disadvantaging others. Moreover, local capacity isn't static; commitments made based on these maps might not guarantee capacity availability if others commit first. Furthermore, such maps could reveal areas of grid constraint, exposing critical energy infrastructure to risks that were previously unrecognized.

2. OUCC. The OUCC observes there are current rules for the extension of lines and unique requests for customer upgrades. While these rules adequately address make-ready cost issues and protect utilities and other ratepayers from subsidizing requesting customers, should EV adoption become widespread, especially in the residential sector, the approach prescribed in the Commission's rules may become unwieldy. Installation of Level 2 or faster EV chargers in homes has the potential to significantly increase, even double, electrical demand of a single home. The impact to a utility's transmission and distribution system could be analogous to that experienced with the advent of affordable air conditioning in homes. The OUCC suggests that should widespread adoption of EVs occur, the solution to upgrading utility systems may reside in

the transmission, distribution, and storage system improvement charge cost recovery method, which would allow investment in, and recovery of, such improvements at a faster pace. Because EV adoption has not reached this level of required upgrades, the OUCC concludes there are sufficient regulatory rules in place to fairly address who pays the costs of utility system improvements caused by EV adoption.

3. Walmart. Walmart notes that utilities have an opportunity to invest where concentrated electric fleet charging loads are expected to materialize. Walmart emphasizes the need for engagement between customers and utilities to adequately inform a proactive process that anticipates growth on the system prior to immediate customer need, while also considering how to balance against stranding utility assets. This need is particularly prevalent where a customer is looking to transition to an electric fleet, requiring infrastructure in place early in that transition process. Additionally, to help remove barriers to entry, Walmart indicates that the Commission may need to adapt the existing regulatory process to not only allow utilities to proactively plan for future EV charging growth but to also allow development of technology in areas of anticipated growth before customer need arises. This process should balance the interests of pre-building areas of projected growth with the interests of protecting customers from stranded assets. Furthermore, to help the early development of customer-supporting infrastructure, Walmart notes the need to balance the amount a customer pays in CIAC with the costs incurred by the broader utility system. According to Walmart, this should be done through a CIAC approach that analyzes site-specific risks, mitigation factors, and potential revenues on a case-by-case basis rather than through a single CIAC approach for all customers.

4. ChargePoint. ChargePoint notes that, while federal funding under the IIJA primarily supports public fast charging infrastructure, fleet operators also face similar challenges in establishing charging infrastructure for their transition to EVs. Thus, the Commission should consider extending make-ready programs to support both private and public fleet customers' EV adoption. ChargePoint asserts that because fleet transformation towards EVs is happening rapidly, fleet electrification can have a substantial impact due to its potential to drive scale, lower costs, streamline processes, and influence broader trends. ChargePoint believes supporting fleet customers would allow utilities to develop expertise and ensure proper sizing of infrastructure to benefit all EV customers. In addition, make-ready programs targeted at fleets can encourage early engagement, allowing utilities to provide guidance on optimizing electrification efforts based on grid constraints and infrastructure costs. Additionally, utilities can plan for necessary capacity or distribution system upgrades as electrification becomes more common.

ChargePoint also asserts that there are load management benefits to supporting fleet management. Fleets often have consistent charging schedules with extended dwell periods, making them suitable candidates for load management. Thus, effective load management can lower rates and long-term electrification costs. ChargePoint recommends the Commission mandate utilities to establish a make-ready program specifically tailored for fleet customers. ChargePoint notes that existing legislation provides the Commission with the authority to approve such programs for public-use EVs and believes it would be appropriate to leverage this authority to accelerate fleet electrification.

Finally, ChargePoint recommends that utilities increase their workforce dedicated to EV charging infrastructure. This would involve identifying ways to expedite utility processes related

to planning, investment, and deployment. Make-ready programs could be an opportunity for utilities to prepare their staffing resources to accommodate customer demand.

B. Responsive Testimony.

1. Utility Group. The Utility Group recognizes the alignment between Walmart and the Utility Group regarding the challenge of fleet electrification and the means to address that challenge. The Utility Group believes Walmart rightly recognizes the challenge that electric utilities could face if electric fleet loads are served with traditional protocols. Thus, a proactive approach is likely necessary, but it must incorporate considerations for stranded assets as well as be equitable in how it impacts individual customers.

The Utility Group notes that utilities are adopting a proactive approach to system upgrades, considering anticipated growth to ensure cost-effective solutions. The idea is to serve both participating and non-participating customers effectively. Recognizing that existing Commission line extension rules may not fully support economical upgrades, Utility Group witness Kirkham indicates a need for more flexibility to recover capital costs through rate recovery mechanisms.

Responding to ChargePoint's recommendation for an increased utility workforce to support EV charging infrastructure and system planning, particularly in support of the National Electric Vehicle Infrastructure Formula Program ("NEVI Program"), the Utility Group expresses an understanding of the unique demands of IIJA funding. Utility Group members have been engaged with the state's NEVI Program development and have provided input on the process to help ensure efficiency for all involved parties. The Utility Group members also understand that there may be value in additional personnel that are assigned to respond to EV charging service inquiries—especially if the volume of such inquiries is proven to be sufficient and sustained. To that end, Utility Group members will monitor and evaluate staffing needs as charging station deployment progresses.

2. Indiana NAACP. The Indiana NAACP recommends that because utilities require years to provide EV charging infrastructure for fleet electrification, they be required to prioritize Black and other Disadvantaged Communities for infrastructure upgrades necessary for fleet electrification. This would allow public resources such as trash trucks, city buses, and public school buses that serve their communities to reduce the amount of air pollution to which members of the community are exposed.

The Indiana NAACP also argues that, if utilities have excess capacity, then EV developers should know those locations to be able to evaluate whether to deploy a fleet solution in those areas. Also, if there is excess capacity, then presumably ratepayers would benefit from having additional load sources located in those areas to pay for such excess capacity. For transparency purposes, electric utility providers should be required to have a publicly available means to identify where EV investments can be made today that do not require relatively costly circuit upgrades.

Finally, the Indiana NAACP suggests that the Commission should initiate a rulemaking proceeding to create regulations allowing community solar and community-owned solar developments in Indiana to reduce the time needed for EV infrastructure upgrades and concerns with publishing capacity maps.

3. ChargePoint. ChargePoint expresses general agreement with the Utility Group's view that the Commission should allow efficient and flexible infrastructure investment for fleet electrification, while expressing disagreement with the Utility Group's stance on load capacity maps.

ChargePoint explains that a load capacity map is a tool used to identify areas within a service territory that have excess capacity and areas that are constrained in terms of electricity load. It is ChargePoint's position that this information is crucial for making informed decisions about where to invest in EV charging infrastructure. ChargePoint witness Deal states that the lack of load capacity information leads to issues like queue mismanagement, increased resource consumption for utility engineering, slower charger deployment, and an arbitrary selection process for successful fleet electrification projects. In addition, the absence of load capacity information creates hurdles during the interconnection process, a time-consuming step in deploying charging infrastructure. To assess available capacity, customers must submit complex applications to the utility, causing delays and increased costs. As the demand for fleet electrification rises, this process becomes less efficient.

ChargePoint suggests that providing key information upfront—such as grid capacity, connection point location, required upgrades, and cost estimates—would aid EV customers in determining project feasibility before committing to the interconnection process. This approach would reduce congestion in the interconnection pipeline and facilitate quicker decision-making.

In addition, ChargePoint advocates the concept of fleet make-ready programs as a solution. ChargePoint witness Deal states these programs encourage fleet customers to outline their electrification plans, thereby allowing utilities to manage grid capacity more effectively and expedite EV adoption. By addressing customer-side costs, make-ready programs could reduce project expenses, especially if utilities support development in areas with excess capacity.

ChargePoint concludes by reiterating its earlier recommendation for a fleet make-ready program for both public and private vehicles. ChargePoint also suggests that the Commission should encourage utilities to identify strategies that support early adopters in fleet electrification, including providing tools like load capacity maps. Lastly, ChargePoint urges the Commission to direct utilities to identify strategies for efficient and cost-effective interconnection processes for fleet electrification and to engage with stakeholders.

Issue A(5) — What, if any, requirements should be in place to ensure utilities have reasonably considered utilizing federal and/or state grant funding opportunities for make-ready investments?

A. Initial Testimony.

1. Utility Group. The Utility Group contends that federal and/or state funding should be considered an additive, but not required, benefit (or reduction of cost) in benefit and cost analyses for non-traditional ratemaking designed to encourage EV and EV infrastructure investment. The Utility Group notes that much of the federally legislated funding is not available to utilities as eligible entities. Customers may, however, leverage funding in concert with utility programs. Where utilities are eligible for funding, there are often "strings attached" and unintended

consequences of "free" grant funding that impose real costs on the utility. Additionally, the timing of when grant funding availability and regulatory proceedings do not always align.

The Utility Group states that Indiana utilities are already exploring or taking advantage of funding to encourage EV and EV infrastructure adoption. For example, utilities are developing an interconnected Direct Current Fast Chargers ("DCFC") network to provide corridor fast EV charging destinations for Indiana residents and visitors who drive EVs. The consortium of electric utilities jointly responded to a statewide request for proposals administered by the Indiana Department of Environmental Management and were awarded funding established through the Volkswagen Mitigation Trust Fund, which will be used to offset capital costs for the project.

2. OUCC. The OUCC notes that grant funding from other sources may be available, such as the Volkswagen Mitigation Trust Fund and the forthcoming NEVI funding. The OUCC takes the position that external funding from grants should be first applied to make-ready costs on the utility side of the meter to eliminate other customers' subsidization. This includes make-ready costs for rural or disadvantaged locations.

3. CAC. CAC asserts that a utility should be required to explain in its TEP, as well as in its case-in-chief requesting Commission approval of EVSE-related capital investments, the grant funding opportunities considered, applied for, and received. CAC notes there are many funding opportunities that utilities should actively explore or partner with eligible entities. In addition to NEVI, examples include the $2.5 billion Discretionary Grant Program for Charging and Fueling Infrastructure reserved for qualifying lower-income communities that emphasizes Level 2 chargers and the $5 billion in funding available over five years under the U.S. Environmental Protection Agency's Clean School Bus Program. CAC takes the position that if a utility does not put forth a good faith effort to obtain available funding that could benefit its customers by offsetting costs, then it should be denied cost recovery, at least in part, of associated EVSE investments from ratepayers.

4. Walmart. Walmart recommends the Commission require utilities to pursue federal funding opportunities as a condition of approving and EV program.

5. ChargePoint. ChargePoint summarizes funding available in the IIJA and through the NEVI Program. The IIJA allocated $5 billion for EV charging infrastructure through the NEVI Program, which aims to develop a national highway charging system by awarding federal formula funding across all 50 states. In addition, states may receive additional investment in the form of $2.5 billion awarded through competitive grants to deploy alternative fuel infrastructure, such as EV charging stations, both along highway corridors and in communities. The NEVI Program is designed to promote equitable access to EVs, reduce emissions from transportation, and progress toward a federal goal of net zero emissions by 2050.

ChargePoint notes that Indiana will receive almost $100 million in federal formula funding through 2026 to build DCFC infrastructure along highway corridors. The funding will be administered by the Indiana Department of Transportation and represents the largest investment in EV charging infrastructure ever made in Indiana. Funding can be used to cover up to 80% of eligible project costs, such as the cost of charger hardware and software and construction work.

ChargePoint explains why it may not be necessary to establish specific requirements for utilities to use existing funding opportunities but indicated it may be appropriate to establish requirements for utilities to develop programs to complement existing grant opportunities as a way to accelerate charger deployment.

B. Responsive Testimony.

1. Utility Group. The Utility Group reiterated its position that federal and/or state funding should be considered an additive, but not required, benefit (or reduction in cost) in benefit/cost analyses for non-traditional ratemaking designed to encourage EV and EV infrastructure investment. Applying for, managing, and implementing the use of federal and/or state funding imposes real costs on the utility, and federal/state funding availability does not always align with the timing of regulatory proceedings. Additionally, in some cases, utilities are not eligible to apply for or be a primary recipient of funding (*e.g.*, Community Fueling Infrastructure grants).

Responding to the OUCC's view that any such funding should be first applied to make-ready costs on the utility side of the meter, the Utility Group notes that each grant funding opportunity contains terms and conditions, such as those that define eligible project costs, formula funding structure, matching private funding requirements, and reimbursement criteria. The Utility Group does not believe that utilities, or other primary grant recipients for that matter, have such discretion.

Issue A(6) — What, if any, additional jurisdictional opportunities should the Commission consider to promote EV charging adoption?

A. Initial Testimony.

1. Utility Group. The Utility Group contends the current jurisdictional demarcation fits within the boundary of state law, and that additionally, it enables proliferation of EV charging by the market without burdening players with undue regulation. The Utility Group further addresses the additional consideration of make-ready infrastructure, which includes costs of behind the meter make-ready infrastructure and utility-owned infrastructure. The Utility Group asserts that to achieve the objectives of "promoting affordable…charging infrastructure" and to "accelerate third party investment in electric vehicle charging…" as called for by Section 11(d)(21) of PURPA, programs that enable utility investment in beneficial make-ready infrastructure, even if beyond the meter, should remain within the jurisdiction of the Commission.

2. OUCC. It is the OUCC's position that the Commission should rely on the policy guidance and directives of the Indiana General Assembly.

3. CAC. CAC discusses the imperative for Indiana to engage in comprehensive transportation electrification planning to ensure the State's economic growth and prosperity. CAC views an ad hoc, unilateral, and disconnected approach by investor-owned utilities as insufficient and suggests the integrated resource planning ("IRP") process as a model to follow. CAC recommends that each utility engage in public stakeholder collaboration and develop a comprehensive TEP that is regularly updated and coordinated across the state.

CAC states that the TEP plans should address the current adoption of EVs and the availability of public EVSE within utility service territories. The plans should also outline a 20-year forecast for EV adoption, energy and capacity growth, demand reduction potential, and infrastructure investments required to meet consumer demand. CAC also proposes assessments of EVSE accessibility in low-income and minority communities, along with initiatives to address inequities. Mechanisms for facilitating EV charging, such as charging rates, rebates, managed charging programs, and utility-owned EVSE, should also be addressed, along with funding opportunities from various sources.

CAC also recommends the Commission develop clear expectations and rules to prevent utilities from using their monopoly power to unfairly compete with or undermine non-utility-owned EVSE providers. CAC raises examples that are already posing concerns, including partial ratepayer funding of EVSE that is utility-owned, inconsistent calculation of EVSE rates, demand charges assessed on non-utility owned providers, and discriminatory customer rebates.

CAC states that, while electricity transmission and distribution exhibit natural monopoly characteristics, the provision of EVSE is considered a competitive industry. Thus, CAC recommends that utilities play an enabling role rather than monopolizing the market. CAC emphasizes potential unfair advantages that utilities could leverage and stresses the importance of avoiding these scenarios and instead fostering fair competition and avoiding the misuse of ratepayer funds. CAC cites as an example, the "Code of Conduct" developed by the Michigan Public Service Commission, which aims to prevent cross-subsidization, preferential treatment, and information sharing between regulated and unregulated utility services. The goals of such application across utilities would be to ensure customer protection, avoid rate increases resulting from electrification, and foster a growing and competitive EVSE market in Indiana that meaningfully addresses inequities in access to charging.

4. ChargePoint. ChargePoint states that the Commission's jurisdiction extends to limiting the expansion of monopoly power in competitive markets adjacent to the transmission and distribution of electricity. ChargePoint proposes that the Commission establish guidelines for utility ownership and operation of charging stations in Indiana. This would ensure that utility investments are reasonable, just, and in the public interest. ChargePoint's suggested standard of review for utility proposals related to EVSE ownership includes: (1) alignment with the public interest; and (2) non-interference with the development of the competitive EV charging market.

ChargePoint states that the responsibility to prove that these criteria are met should rest with the utility. ChargePoint notes that this standard of review should be applicable exclusively to public charging stations, while utilities should retain the freedom to install charging stations for their employees and utility fleet EVs. ChargePoint states that this approach aims to strike a balance between utility involvement and maintaining a competitive charging market.

B. Responsive Testimony.

1. Utility Group. The Utility Group notes that utilities are already engaging with customers and community stakeholders to plan for EV growth. Thus, they assert a

Commission mandate for stakeholder engagement is unnecessary, and mandated long-term EV forecasts are impractical given the rapidly evolving EV market. The Utility Group believes the existing IRPs and ongoing stakeholder meetings suffice for proper planning and engagement.

In addition, the Utility Group states that Indiana law's public interest standard is sufficient to avoid unfair competition and ensure that programs are cost-effective. Further, utility companies are using market rates for EV charging, which greatly reduces unfair competition concerns. The Utility Group also believes that because Commission approval is required for utility EV programs, a separate code of conduct for EV charging is unnecessary.

Issue B(1) — What rate structures are needed to promote efficient EV charging?

A. Initial Testimony.

1. Utility Group. The Utility Group's view is that efficient EV charging benefits both individual customers and the broader electric grid. As technology and understanding of EV charging evolve, more sophisticated rate structures can be implemented to maximize efficiency and benefits for all involved. The Utility Group emphasizes that any rate changes should be carefully evaluated to ensure fair distribution of costs and benefits among all stakeholders.

The Utility Group notes that two crucial aspects influence the approach to EV rate structures: customer-specific needs and electric grid efficiency. The former focuses on the speed at which an EV owner can charge their vehicle to meet personal transportation needs. The latter looks at the most efficient ways to integrate EV charging into the existing electrical grid infrastructure to avoid adding extra demand during peak times.

The Utility Group identifies and discusses several rate structures that can be used to balance both customer and grid needs. The first rate structure is time variable pricing—such as TOU pricing and Real-Time Pricing—which is designed to influence consumer behavior by altering electricity costs throughout the day. Time Variable Pricing aims to alter consumer behavior to increase electric grid efficiency. TOU pricing changes the rate of electricity at set times during the day, typically having peak, off-peak, and shoulder periods. Peak Time Incentive rates charge more during high-demand times to reduce consumption. However, Real-Time Pricing adjusts prices in real-time, reflecting either the wholesale electricity market or the utility's production cost, and encourages EV owners to be flexible in their energy consumption or to even export stored energy back to the grid.

The second rate structure is managed charging, which can be either passive or active. Passive managed charging provides customers with financial incentives to encourage efficient, time-based charging, leaving the customers to decide when to charge. Active managed charging gives the utility control over when the EV charges, shifting it to off-peak times for grid efficiency. Direct load control, a form of active charging, allows the utility to switch the EVSE on and off during times of peak demand in exchange for financial incentives.

Next, the Utility Group discusses utility demand charges, noting that higher charging speeds could trigger demand charges, especially for commercial clients. Utility demand charges

are applied based on the peak energy demand and can discourage installation of EV charging equipment. Temporary reductions in these fees are sometimes considered to promote EV adoption but can result in a cost shift to other customer groups.

The Utility Group also discusses vehicle-to-grid technology, which enables EVs to send stored energy back to the grid. Utility vehicle to grid rate structures offer financial benefits to EV owners by drawing power during low-demand periods and supplying it back during high-demand periods. This can also benefit the grid and all customers by reducing overall electrical needs.

The final rate structure discussed by the Utility Group is tariff-based EV lease rates. Lease rates provide an option for customers to lease charging equipment from the utility, lowering the initial high-cost barrier to installing EV charging stations. If customers terminate the lease early, they are liable for the remaining payments, ensuring that the costs are not transferred to other customers.

2. CAC. CAC notes that promoting efficient EV charging presents unique challenges and opportunities for utilities, policymakers, and consumers. According to CAC, the focus should be on creating rate structures that incentivize off-peak charging, manage energy demand effectively, and account for social equity concerns.

For residential customers living in single-family homes, CAC recommends voluntary TOU pricing. The recommended tariff design should have two main variables: an on-peak and an off-peak charge, with the off-peak charge being significantly lower to encourage off-hours charging. A critical aspect of this design is to ensure that the off-peak window is long enough to allow for a typical EV to fully charge using a Level 2 charger, without necessitating additional fixed or demand charges or separate metering.

CAC also believes that utilities should offer a voluntary managed EV charging program. Under such a program, utilities would have the ability to curtail the Level 2 charging of a residential customer's EV during peak load events throughout the year. In return, the customer would receive incentives. CAC also encourages utilities to develop special rates or incentives for multi-family housing, particularly in low-income communities or communities of color to address existing inequities in access to EV charging infrastructure.

For non-residential customers, CAC suggests that similar off-peak and managed charging tariffs could be offered. However, there are specific challenges associated with DCFC, which are crucial for public and commercial charging stations but have high demand charges under traditional utility rate structures. CAC notes that one of the significant barriers to the expansion of DCFCs is the high demand charge associated with their initial low utilization rate. CAC suggests an innovative rate design to remedy this issue, such as the one proposed by the consulting firm RMI in a report for the Colorado Energy Office. This design utilizes lower initial energy and demand charges that gradually increase as the utilization rate of the DCFC increases. This is meant to provide a win-win situation: incentivizing DCFC deployment and ensuring financial sustainability for utilities. CAC notes that the RMI tariff aims to generate the same revenue for the utility as would have been collected under traditional rates over a 10-year forecasted period, which will ensure there is no cost shifting among customers and the tariff remains financially viable for utilities.

3. Walmart. Walmart recognizes efficient EV charging is a complex issue because different users have distinct charging needs and behaviors. Walmart cautions that a one-size-fits-all approach to pricing the use of EV chargers may not be the most effective strategy.

Walmart asserts that TOU tariffs, however, may not work as well for public charging stations because EV owners who use public chargers often do so on an "as-needed" basis. Walmart witness Perry stated that pricing becomes a challenge for the charging station operator, who pays varying costs for electricity depending on when the chargers are used. Walmart offered two potential, non-perfect solutions: (1) dynamic pricing, and (2) fixed rates. Under dynamic pricing, the operator could pass variable costs on to the consumer, resulting in fluctuating prices depending on when the charging happens and an unpredictable pricing experience for the customer. Alternatively, the operator might opt for charging a higher fixed rate to average out the variable electricity costs over time. While this "smoothing" technique eliminates unpredictability, it could make the charging more expensive overall, defeating the purpose of price signaling.

4. ChargePoint. ChargePoint addresses rate design considerations for end-use EV customers who are direct residential customers of the utility when charging their EVs at home because the Commission has jurisdiction over those rates. ChargePoint notes when these individuals charge their EVs at commercial stations, such as public parking lots or workplaces, they are not the direct customers of the utility. In those instances, the site host pays for the electricity and sets their own charging rates, over which the Commission has no control.

ChargePoint also notes that utilities can employ various rate and non-rate methods to encourage efficient EV charging at home. For example, TOU rates that offer lower costs during off-peak hours can incentivize smart charging. Additionally, demand response programs can reward customers for avoiding charging during peak periods. ChargePoint states that smart EV charging stations are valuable to utilities because they provide insightful data on charging behaviors, allowing for a better understanding of EV-related load growth. Moreover, their connectivity features can be integrated into DSM programs like demand response.

ChargePoint acknowledges that various managed charging programs exist but abstains from recommending specific additional rate structures at this time. Instead, ChargePoint encourages designing future programs that are customer-friendly and compatible with various Level 2 charger products.

B. Responsive Testimony.

1 Utility Group. The Utility Group agrees with Walmart that the landscape of transportation electrification is rapidly evolving, with innovations in vehicle and charging technologies, policy, and program design. The Utility Group states utility EV programs and policies must also evolve to meet the needs of this changing landscape.

With respect to CAC's testimony that utilities should offer residential customers a voluntary managed EV program, the Utility Group is very supportive of managed charging for applications such as residential and fleet. The Utility Group cautioned that each utility will need the flexibility to independently determine program specifics, such as the incentives offered, on- versus off-peak hours, and equipment needed. In addition to varying by utility, considerations will

also likely vary over time as grid capacity changes, EV market share increases, new technologies come to market, and innovations in program design emerge.

With respect to CAC's testimony that voluntary TOU pricing for EV charging should be an option for all residential customers in single-family homes, the Utility Group states that it is supportive of TOU rates but notes that the goal of the TOU rates is moving load off peak. The Utility Group notes there are other ways to accomplish this goal, and the goal of moving load off peak should not be conflated with the methods used to achieve this goal. While TOU rates are one option utilities can consider, they are not the only tool available to accomplish this goal. At this stage, where EVs are beginning to move out of the early adopters and into the mainstream, utilities need the flexibility to innovate in program design to determine what program or collection of programs works best for all customers.

With respect to CAC's testimony that off-peak and managed charging tariffs could also be offered to nonresidential customers, the Utility Group stated there are certain customer groups where managed charging will be mutually beneficial to the customer and the utility. Particularly for fleet applications, the utilities agreed that managed charging has significant potential to bring significant benefit. However, in some other applications, managed charging may not be feasible or provide a good user experience.

The Utility Group also responded to ChargePoint's and CAC's suggestion that utilities recover the revenue requirement primarily through an energy charge and that demand charges for EV charging be significantly reduced or eliminated. The Utility Group stated it is open to non-traditional rate designs that recover fixed costs in new ways. The Utility Group acknowledges that traditional demand charges can lead to unpredictable billing for EV charging providers and is generally open to new rate designs that allow for recovery of fixed costs while giving charging providers more predictability in their billing.

Issue B(2) — What metering infrastructure is required to promote efficient EV charging?

A. <u>Initial Testimony</u>.

1. <u>Utility Group</u>. The Utility Group emphasizes that promotion of efficient EV charging is closely linked with the type of metering infrastructure in place. This infrastructure can range from basic to advanced, depending on various factors like the utility's resources, rate structures, and the specific EV charging programs employed. The Utility Group discusses different aspects of metering infrastructure for efficient EV charging, focusing on general metering, sub-metering, and their necessity.

The Utility Group notes that efficient EV charging generally calls for metering infrastructure that is both cost-effective and reliable. The specific needs for this infrastructure can vary depending on the utility and the EV charging program they are implementing. Some programs might require metering systems that can identify and distinguish fluctuations in daily or periodic pricing.

Sub-metering is an advanced technique where a secondary meter is installed at a premise, in addition to the primary meter that caters to a customer's general electric needs. This sub-meter is designed to record the energy consumption of a specific load, like an EV, separate from the household or facility consumption. Sub-meters can also record the time of day the charging occurs if they are capable of capturing interval data. With Advanced Metering Infrastructure ("AMI"), utilities can collect this data in real-time, thereby avoiding the need to manually access the sub-meter for data collection.

The Utility Group states that the necessity of sub-metering for efficient EV charging is contingent upon the type of utility rate structure in place. If the utility is using a general TOU rate structure, the need for a sub-meter is eliminated; an AMI meter would suffice. However, when managed EV charging is considered under TOU rates, combining sub-metering with AMI meters might be beneficial.

Additionally, smart metering or sub-metering may not always be a necessity, as modern EV chargers and the vehicles themselves can track their kilowatt-hour usage and the time of charging. This data can allow utilities to control when charging occurs. Alternatively, some utilities might use vehicle telematics or data from networked EV chargers for program implementation, thus avoiding meter upgrades altogether.

The Utility Group also notes that some program designs can eliminate the need for a sub-meter by offering bill credits for off-peak charging. In these cases, the built-in telematics in the car or EVSE are sufficient for data collection, as they can confirm the time of off-peak charging without needing granular meter accuracy.

2. CAC. CAC pointed out that, according to AES Indiana, modern Level 2 EV charging stations are already equipped to measure detailed usage data, making it redundant for utility companies to install separate meters. AES Indiana has also recognized that requiring separate metering systems would impose additional costs on residential customers. The CAC agrees with this view, advocating that utilities should capitalize on the capabilities of modern EV charging stations for measuring usage instead of mandating separate meters.

3. Walmart. Walmart states that AMI and related technologies have moved energy efficiency forward by providing customers with interval usage data, typically in 15-minute intervals. This data can be used by the customer to adopt more energy efficient usage patterns. Relatedly, Walmart states that AMI also allows utilities to develop rate schedules that influence these customer use patterns through price signals, such as TOU rates. Although TOU rates may not be as impactful in all charging scenarios, there are important areas where they can be an important tool to help utilities manage charging times and grid impacts from EV charging.

4. ChargePoint. ChargePoint states that smart Level 2 chargers with embedded meters offer a cost-effective way to measure EV-specific electricity usage without the need for a separate utility-grade meter. ChargePoint notes that sub-metering using these built-in

meters could allow for EV-specific rate designs in the future, a strategy currently under exploration in California.

ChargePoint suggests that while EV-specific rates facilitated by sub-metering are promising, they would require setting up new protocols and overcoming technical hurdles. Instead, ChargePoint recommends that the immediate focus could be on optimizing existing programs that manage residential EV loads.

B. Responsive Testimony.

1. Utility Group. The Utility Group reiterated that the type of metering infrastructure required will vary depending on the utility, their circumstances, and the kind of EV charging program the utility uses. They emphasized the need for flexibility so as not to stifle innovation or unduly limit metering options or technologies.

Issue B(3) — What are the appropriate costs and benefits the Commission should consider when determining the reasonableness of utility support for required behind the meter charging infrastructure?

A. Initial Testimony.

1. Utility Group. As discussed above, the Utility Group's view is that the PCT, RIM, and SCT tests shed the most light on the various utility program dynamics at play in an EV program and would help stakeholders understand an EV program's impacts.

2. OUCC. As discussed above, the OUCC's view is that benefit/cost analyses should be conducted in a reasonable and robust manner to ensure forecasted outcomes have a high likelihood of realization. This includes examining sensitivities to interest rates, term of analyses, degradation of technologies, and other variables that can change results.

3. Walmart. As discussed above, Walmart believes that the consideration of costs should include the utility's actual expenditures related to any make-ready infrastructure investments. Further, the benefits associated with this infrastructure may be categorized into both traditional benefits, such as EV load revenue, and non-energy related benefits from the promotion of EV adoption, such as reduced tailpipe emissions.

B. Responsive Testimony.

1. Indiana NAACP. As discussed above, Indiana NAACP witness Bolling-Williams testifies that the PCT, RIM, and SCT tests are the most relevant and the best suited to evaluate utility EV programs. However, the Indiana NAACP also believes that metrics that consider public health costs and improvements in air quality should be used as cost factors for evaluating make-ready infrastructure investments in historically marginalized communities. In addition, the cost analysis must consider federal funding. The Indiana NAACP also recommends that with each of these cost benefit tests, the Commission should require the electric utilities to conduct community outreach for obtaining input from Black and other disadvantaged communities.

Issue B(4) — What are the appropriate allocation considerations of direct and indirect rate class specific costs and benefits for EV-adoption-supportive rate designs?

A. Initial Testimony.

1. Utility Group. The Utility Group indicates the primary objective of EV supportive rate design, according to the Alliance for Transportation Electrification, is multifaceted. It aims to recover costs fairly while optimizing electric system usage and offering benefits to customers. The key guidelines for this rate design include:

- Supporting beneficial electrification for both economic and environmental gains for all customers.
- Aligning with state goals concerning the environment, economy, and electric and transportation systems.
- Enabling various entities like individuals, fleets, and school districts to make informed electrification choices.
- Ensuring equitable cost recovery based on class cost of service.
- Encouraging optimal use and management of the electric grid and power supply system.

According to the Utility Group, EV rate designs encompass a range of specific costs, such as line extension policies, make-ready costs, program administration, managed charging software, and distribution and transmission upgrades. These costs are generally categorized into two types: (1) Direct costs—typically infrastructure investments and directly associated with serving the EV market, and (2) Indirect costs—pertaining to the overall impact of EV adoption on the power system. In addition to costs, indirect benefits like flattening load shapes, known as "Peak Avoidance," and reducing greenhouse gas emissions also come into play.

Utility Group witness Jaynes states that there is no universally standardized model for EV rate design, largely due to varying local policy objectives, market characteristics, and regulatory environments. The rates may differ based on fixed charges, demand charges, energy charges, or TOU pricing depending on a utility's and regulatory jurisdiction's goals. Additionally, the costs and benefits can be allocated among different rate classes and customer segments using non-traditional ratemaking methods that consider the unique needs and characteristics of EVs and charging infrastructure. This allows utilities to create rate designs that encourage EV adoption while balancing grid user needs.

The Utility Group notes that EV rate design is distinct due to the variability and flexibility in EV usage patterns. Although some argue for a separate rate class for EVs, the Alliance for Transportation Electrification counters that this would be a significant departure from traditional utility practices. According to the Alliance, such a move could have negative economic consequences for EV service providers, as they would miss out on the benefits of load diversity in a larger rate class.

The Utility Group notes that EV-supportive rate designs are often customized to different user needs. Residential designs often incentivize off-peak charging, while commercial and industrial designs may need to cater to unique business-specific requirements. Public charging

operators typically aim to avoid demand charges, and fleet operators have diverse charging needs that might require specialized rate designs.

2. CAC. CAC raises concerns about how costs and benefits are allocated across different customer classes, particularly residential versus non-residential. CAC's concerns stem from the disproportionate allocation of costs to residential customers, despite the bulk of program budgets being aimed at non-residential users. To address this imbalance, CAC recommends the Commission ensure that utilities' transportation electrification tariffs and programs do not shift costs from non-residential to residential customers.

CAC also suggests that utilities should employ TOU or managed charging rates to encourage residential users to charge their EVs during non-peak hours. CAC also recommends that rates and programs should be designed in such a way that they encourage residential customers to reduce their usage during peak periods, preventing them from being unfairly burdened with high legacy costs in subsequent rate cases.

B. Responsive Testimony.

1. Utility Group. Regarding CAC's concern about the potential for residential customers having to subsidize nonresidential customers with respect to EV programs, the Utility Group notes that these concerns are not unique to EVs. The Utility Group emphasizes the key is to ensure EV rates cover the utility's variable costs and all customers benefit. The benefit here is not necessarily the EV charging; rather, the benefit is increased utilization of the grid which puts downward pressure on rates.

The Utility Group agrees with Walmart that EV rate design approaches should vary by use case, taking into account the needs of both the end user and the utility to provide the optimal customer experience while utilizing cost causation principles.

Issue B(5) — What are the potential asset life impacts of changing behind-the-meter technology and how should EV-adoption-supportive rate design address them?

A. Initial Testimony.

1. Utility Group. The Utility Group notes that the advent of new behind-the-meter technologies, especially EVs, poses significant challenges and opportunities for the life cycle of existing electric utility assets and infrastructure. The three primary ways these technologies impact asset life include increased demand for electricity, changes in load shape, and rapidly evolving customer preferences and technologies. However, the Utility Group believes that strategies exist for mitigating these impacts, ranging from EV load management to utility rate design.

Regarding increased demand, the Utility Group states that EVs contribute to higher electricity demand, particularly during peak hours. The utilities pointed to studies showing that residential EV charging predominantly occurs at home, and usually if unmanaged will likely occur during early evening hours, aligning with peak demand periods. This can overload existing transformers and other distribution equipment, necessitating replacements or upgrades.

With regard to changing load shapes, the Utility Group states that fleet EV charging patterns differ from typical residential or commercial public charging usage. For instance, a delivery company may require substantial power for fleet charging, potentially causing spikes in electricity demand. Although some of this can be managed through optimized charging schedules, the overall load shape will change. The management of this charging—whether by individual fleet owners or the utility—further influences how stress is placed on utility assets.

With regard to changing customer preferences and technology evolution, the Utility Group notes that investments in infrastructure that support one form of technology may become obsolete as preferences shift. A case in point is the transition from compressed natural gas to EVs in public transit, rendering some pipeline upgrades less useful and economically viable over the projected life span.

According to the Utility Group, mitigation strategies for these challenges include leveraging EV characteristics as well as utility tools and regulatory approaches. With regard to leveraging EV characteristics, information from Smart Electric Power Alliance shows most personal vehicles remain stationary for 22 or more hours daily and require only two to three hours for a full charge. Thus, these factors create a massive potential to manage residential charging times, shifting them to off-peak periods without inconveniencing users. Additionally, fleet vehicles often have fixed or predictable schedules, which can similarly be managed to align with off-peak periods. As for utility tools and regulatory approaches, the Utility Group points to rate design, managed charging, fixed cost recovery, and regular reassessment. Utility Group witness Jaynes stated that combining TOU rates with managed charging requirements can help manage the load on utility assets more effectively, extending the life of utility assets and potentially lowering electricity rates. Utilities can also establish methods to recover fixed costs over a set timeframe, which allows for timely upgrades and prevents stranded assets. As technology and customer preferences evolve, regular reassessment of EV-supportive rates will become increasingly necessary.

2. CAC. CAC notes the potential asset life impacts of changing behind-the-meter technologies. CAC advises utilities to generally steer clear of owning these technologies, like EVSE, because of the negative impacts on asset life. Instead, CAC believes utilities should focus on integrated resource planning, distribution planning, and rate design that would encourage EV adoption while ensuring sustainability. Although some limited exceptions can be made to achieve public policy goals, such as addressing inequities in access to EV charging, CAC believes such endeavors should be thoroughly planned and have robust stakeholder engagement.

3. Walmart. Walmart notes that rate design is an important tool that will allow utilities to signal certain customer behaviors, one of which is modifying usage patterns. Another way in which rates can influence customer behavior is though incentivizing or de-incentivizing investment in certain technologies, like energy efficient equipment or energy storage. As an example, a customer could decide to invest in battery equipment to manage the higher on-peak rates under a TOU tariff. Walmart concludes that as customers continue to invest in their own technologies to reduce energy consumed from the utility, the load shape and grid impacts will change and evolve over time. These changing use patterns may necessitate changes in rate designs going forward in a way that allows the utility to continue managing its grid

efficiently while also ensuring rates are fair and reasonable and free of cross-subsidizations.

Issue C(1) — Should the Commission allow specific rate designs that are designed to support intermediary customer business models that may diverge from cost-of-service principles?

A. Initial Testimony.

1. CAC. CAC's view is that traditional embedded cost-of-service principles continue to be an important consideration in rate design. In general, CAC states, utility customers should not be subsidizing through rate design or cost allocation private EVSE businesses served by the utility, including non-utility EVSE providers. However, CAC notes there are opportunities for utilities to modify current rate design to better enable the expansion of EVSE that could benefit intermediary customer business models while protecting other customers from cross-subsidization over the long term. There are also opportunities for EVSE to provide demand response services, for which they should receive fair compensation, as well as terms and conditions of participation.

Finally, CAC emphasizes the importance of comprehensive utility planning in transportation electrification to help in designing rates and programs that are not only well-suited to specific objectives but also considerate of broader implications, such as cross-subsidization and alignment with traditional utility service principles.

2. Indiana NAACP. The Indiana NAACP focuses on equitable implementation of EV infrastructure, especially in Black, racially and ethnically diverse communities in Indiana and recommends the Commission require each electric utility to adopt the Six Point Plan.

3. Walmart. Walmart explains that rates billed for electricity use at charging stations are not always conducive to third-party investment, especially in low-traffic areas. As the EV industry is still in a growth phase, there are geographic locations where public charging stations remain underutilized. For such areas, the current utility rate design that includes demand charges can make the economics of keeping a charger operational unfavorable.

Walmart highlights the need for flexibility in rate designs, particularly in the transportation sector, allowing rates to evolve as the industry grows and the challenges change. Walmart witness Perry states, in the short term, it may be beneficial to implement low- or no-demand charges to incentivize third-party investment in public chargers; however, as EV adoption increases, leading to higher charger utilization, these special rates may need to be revised to more traditional demand-based tariffs to sustain the economic viability of the charging stations.

Walmart, positioned as both a public and private fleet EV charging investor, advocates for rate designs that are equitable and based on the utility's actual cost to serve its varied customer base to produce equitable rates that reflect cost causation, send proper price signals, and minimize price distortions. Walmart recognizes that while special rates can accelerate third-party infrastructure development and benefit the public by reducing emissions and encouraging EV adoption, they may not always align with the utility's cost of service. And, over the long term,

special rates could create inter- or intra-class subsidies. To avoid this, Walmart suggests a multi-step approach for the future. First, detailed studies should be conducted to understand the load size, usage patterns, and unique financial and operational characteristics of different charging use cases, and these insights should be incorporated into cost-of-service studies, leading to the creation of distinct EV charging rate classes with revenue requirements set at cost-based levels. Rate designs should then be tailored to each of these classes, ensuring they meet user experience requirements while also providing a stable avenue for fixed cost recovery.

4. ChargePoint. Expressing uncertainty with the term "intermediary EV customers," ChargePoint indicated a preference for the term "site hosts" to better clarify that these are customers who provide EV charging services under general service rates, which are traditionally demand-based. ChargePoint notes that traditional demand-based rates include demand charges, which are based on a customer's peak power usage over a fixed time, usually the highest average 15 minutes in a monthly billing cycle. These charges aim to recover the nonfuel costs of electricity and incentivize customers to level their load, reducing the need for new infrastructure investments.

ChargePoint witness Deal explains that public and private site hosts encounter challenges due to these demand-based rates, particularly in the context of fast charging sessions that demand high power levels. Demand charges can constitute as much as 90% of a site host's electricity costs. Such costs are especially problematic for site hosts in the early years of EV adoption, as they have fewer charging sessions over which to spread these costs. This pricing structure often makes otherwise economically viable charging stations unfeasible. ChargePoint notes that site hosts are less capable of responding to the price signals presented by demand-based rates without affecting the EV driver experience negatively. While traditional commercial entities may be able to manage their loads to avoid high demand charges, site hosts can only do so by limiting the number of charging ports or power levels, adversely impacting the driver experience.

ChargePoint states that higher utilization of EV charging stations will not necessarily mitigate the adverse impact of demand-based rates. Even stations that experience frequent charging sessions may still find that a significant portion of their costs arises from demand charges. ChargePoint asserts these rates effectively penalize site hosts in low-utilization or seasonal areas, like rural sites, which are still essential for long-distance EV travel.

ChargePoint emphasizes that supportive rate designs are essential for equitable access to fast charging services across Indiana. Without such rates, ChargePoint believes that investments from programs like NEVI will likely be concentrated in areas with more favorable rates, undermining the goal of creating a widespread, accessible charging network. ChargePoint states that creating rates with reduced or no demand charges does not inherently diverge from cost-of-service principles. Costs traditionally recovered through demand charges can also be recovered through volumetric, energy-based charges. ChargePoint also maintains that more favorable general service rates would extend the benefits of EV adoption to low-income drivers who do not have access to home charging, providing them with the fuel-saving advantages.

ChargePoint concludes there is no one-size-fits-all solution. EV-specific rates could be beneficial, but technology-neutral rates might also suffice. New rates should be non-discriminatory and available to both existing and new site hosts. ChargePoint urges the Commission to direct

utilities to design and propose new optional general service rates with significantly reduced or eliminated demand charges. ChargePoint states that the focus should be on long-term, sustainable tariff-based solutions that mainly recover costs through an energy charge.

Issue C(2) — How, if at all, should the Commission consider rate designs for the utility when the utility might serve as the intermediary customer?

A. Initial Testimony.

1. CAC. CAC's view is that utilities should generally not be serving as the intermediary customer because these services are outside of the domain of regulated monopoly utility service. Utilities wishing to expand their business into this segment should establish separate affiliate unregulated entities and should "firewall" their utility business from such affiliate entities.

In the limited circumstances where there is a compelling public policy need for the utility to serve as the intermediary customer, CAC states there will likely be important reasons for offering discounted rates or additional incentives to achieve those public policy goals. CAC concludes that comprehensive utility planning of transportation electrification will help ensure such rates and programs are appropriately designed and tailored.

2. Walmart. From the perspective of a customer who is focused on the deployment of public EV chargers for the benefit of its customers, Walmart notes two primary concerns with developing EV charging rates specifically for utility-owned EV chargers. Walmart's first concern is that specific EV charging rates for utility-owned chargers, if not set correctly, can be anti-competitive and will stifle investment in and deployment of public EV charging in the utility's territory. Second, if a utility does not also propose specific EV charging tariffs applicable to third-party owned chargers, but the utility-specific tariff is approved, then an anti-competitive playing field would be created for third-party owned chargers.

In addition, Walmart theorizes that, depending on utilization, were a utility to charge its own charger rates commensurate with the rates third-party charging operators would pay, the utility could fail to cover its own electric costs. Unlike a third-party charging operator, if the utility fails to recover sufficient charging revenues to cover its charging costs, then its captive regulated customer base may backstop its charging operations, creating an anti-competitive advantage for the utility.

Walmart recognizes that there may be areas in which the market may be slower to provide charging services due to low EV adoption rates in the local area or low traffic flow through that area. However, Walmart suggests these areas can be minimized by making rates designed specifically for third-party owned DCFC, and broader adoption of EVs should negate these factors over time, limiting the specific circumstances that may justify utility ownership and operation of public EV DCFC charging. Walmart concludes that public EV charging is a competitive service that can be provided by the market.

3. ChargePoint. It is ChargePoint's view that although transportation electrification is likely to offer many benefits to all customers, including those who do not drive EVs, utility-owned charging stations are neither the most risk-averse nor most cost-effective

strategy to unlock the benefits of EV adoption. Charging stations owned and operated by the utility commit ratepayer funding to 100% of capital costs, plus the ongoing costs of station operation and maintenance, which would otherwise be paid for by the private market in a make-ready investment model.

ChargePoint reiterates that utility ownership of charging stations should be limited to support the development of the competitive EV charging market and that a standard of review should be established for consideration of utility proposals on a case-by-case basis.

B. Responsive Testimony.

1. Indiana NAACP. The Indiana NAACP believes that it might be premature to presume that EV charging is currently a competitive service. Thus, a holistic approach to make charging stations a reality in Black and other disadvantaged communities may require rate support or subsidization, which is available in part through historic federal funding. The Indiana NAACP suggests costs may need to be socialized because electric utility investments have been lagging in Black and disadvantaged communities such that EV infrastructure costs are relatively higher in these communities. However, the Indiana NAACP agrees that the Commission could apply some regulatory guardrails to prevent anti-competitive behavior in the public EV charging market.

5. Commission Discussion and Findings. As mentioned at the outset of this Order, the IIJA amended PURPA to require state regulatory authorities, such as the Commission, to consider whether measures should be implemented to promote greater electrification of the transportation sector, including the possible establishment of associated EV supportive rates. 16 U.S.C. § 2621(d)(21). Like other PURPA standards, the Commission is required to consider the standard but retains the discretion to determine what action, if any, should be taken.

Thus, as set forth in the Commission's April 4, 2023 Docket Entry, the ultimate purpose of this investigation was to allow the Commission to determine whether measures should be implemented regarding the standard. The Presiding Officers found that such determination would be better informed if the Commission were to generally consider possible measures that may be implemented to promote EV adoption through any necessary infrastructure, specifically make-ready investments, and the associated costs and benefits of implementing such measures as well as possible utility rate designs that may reasonably promote EV adoption. A list of issues was identified, and the parties provided testimony as summarized above concerning those issues for Commission consideration.

As noted by various parties, Indiana has recently passed legislation designed to promote greater electrification of the transportation sector in certain ways. For example, Ind. Code ch. 8-1-43 authorizes electric utilities to propose, and the Commission to approve, EV pilot programs that are designed to evaluate the feasibility and design of a larger scale deployment of infrastructure necessary to support public use EVs (i.e., an EV that is used primarily to serve the public). Such programs may include utility installation, ownership, or operation of charging equipment or make-ready infrastructure to support public use EVs and customer incentives or rebates to encourage customer investment in public use EVs and associated EVSE. Among the many factors the Commission must consider in determining whether to approve an EV pilot program is whether the proposal includes a plan demonstrating that the charging infrastructure to be installed will be

located in an equitable manner, including in areas that are economically distressed or racially or ethnically diverse. Another factor the Commission must consider is the extent to which the estimated costs of the proposed EV pilot program will be borne by participating and non-participating customers of the electric utility and the general public. The Commission notes that this statute and its support is not directly applicable to *an electric vehicle that is used primarily for personal, family, or household purposes, or for commuting*. Ind. Code § 8-1-43-6(b). Accordingly, while it is clearly a policy statement by Indiana legislators on a subset of the EV landscape (i.e., public use EVs), any reliance on it as policy support for DCFC primarily providing service to vehicles specifically excluded from that subset is limited.

Another example is Ind. Code § 8-1-2-1.3, which provides that a person that owns, operates, or leases EVSE, makes that EVSE available to the public for compensation, and resells the electricity, will not be considered to be a public utility by virtue of such activity, provided the electricity is used for EV charging purposes and the electricity is procured from the incumbent electricity supplier.[4] In addition, Ind. Code ch. 8-1-2.5-6 provides authority for Commission approval of alternative regulatory practices and procedures proposed by an electric utility along with the establishment of associated rates. Ind. Code §§ 8-1-2-61(c) and 8-1-2.5-6(a)(3) also provide specific authority for the Commission to approve time-varying or other alternative price structures and tariffs.

The Commission has also issued General Administrative Order 2022-02, which recognizes the availability of state and federal funding opportunities for utility infrastructure and programs and encourages jurisdictional utilities to explore those opportunities. It also recommends that utilities seeking approval of cost recovery for infrastructure improvements should provide in their case-in-chief a discussion about the grant and loan opportunities that were explored, which would include an explanation of any decisions made concerning whether to pursue the opportunities. The applicability of this Order is not limited and would therefore apply to any utility EV proposal.

The evidence presented by the parties and our review of the law and regulations demonstrate that the Commission has sufficient authority by which it can promote the electrification of the transportation sector through utility ratemaking policies. Indiana utilities have already begun to consider and are taking steps to address necessary make-ready infrastructure investments, proposing EV pilot programs to assist with the development of reasonable larger scale programs, and seeking approval of alternative rate structures for both utility and non-utility owned EV charging stations. Accordingly, for purposes of our PURPA obligation, we find that implementation of the standard is not necessary as we have sufficient Indiana-specific authority to reasonably pursue the spirit of the standard without risking the creation of regulatory inefficiencies that could arise from potential federal and state regulatory interpretations.

The Commission appreciates the robust participation by all parties regarding the manner in which just and reasonable EV expansion can be encouraged. However, we decline at this time to establish any specific measures or rate designs that must be implemented by Indiana's

[4] There was some discussion concerning the need for removal of utility tariff prohibitions on the resale of electricity. Thus, Respondents are directed to review their tariffs and modify them as necessary to make clear that resales of electricity made consistent with the provisions of Ind. Code § 8-1-2-1.3 will not violate the tariff.

jurisdictional electric utilities. Instead, we find it more appropriate to allow the utilities flexibility in evaluating and proposing EV investments, programs, and rate designs that are subject to public input and Commission review on a case-by-case basis. But there are areas in which we find Respondents should be encouraged to take action so as to avoid becoming a barrier to EV adoption or third-party investment in EVs and associated EVSE and to promote EV growth in Indiana at an appropriate and measured pace.

First, the Utility Group should begin including in their respective IRPs information concerning considerations reasonably included in the utility's plans for distribution infrastructure improvements necessary to support EV deployment in its service area. The Commission's IRP rule at 170 IAC 4-7-2.7(d) authorizes the IRP director to designate specific contemporary issues for utilities to address in their next IRP. Accordingly, the IRP director is instructed to utilize the contemporary issues forum to identify and designate the specific issues related to EV planning that each jurisdictional utility should include in future IRPs. The collaborative discussion and inclusion of such information will allow interested parties, such as those that participated in this proceeding, to provide input on the utility's planning for make-ready infrastructure investments in accordance with 170 IAC 4-7-2.6.

Second, several parties expressed concern that traditional ratemaking and existing CIAC policies may not be sufficient to promote widespread EV infrastructure investment, particularly in low-income communities and communities of color. However, the Commission's line extension rule at 170 IAC 4-1-27(H) allows for Commission approval of variations from those policies. Further, Ind. Code ch. 8-1-2.5 provides for non-traditional ratemaking proposals that are in support of the public interest. We encourage the utilities to develop robust cost/benefit analyses, ideally with timely stakeholder input, and submit proposals that justify departure from traditional ratemaking and CIAC policies for EVSE investments on both the utility and the customer side of the meter when such proposals are cost-effective or will benefit the State or a community as a whole without creating undue or unreasonable subsidies. In particular, the Commission encourages such alternatives that may lessen the CIAC burden on racially/ethnically diverse or economically distressed areas, while also not unduly burdening other customers or the utility.

Third, several parties raised concern with market competitive pricing for utility-owned EV chargers and the demand charges included in electric rates for public EV chargers. We agree these concerns raise important issues and encourage the Utility Group to consider filing proposals, either individually or jointly, that address appropriate demand and volumetric cost of service allocations. Further, we have approved utility specific tariffs that provide for pricing at utility-owned DCFC stations linked to non-static competitive regional or territory market prices. The reasonable level of utility support for competitive non-utility endeavors[5] requires a balance that is not likely to be static as the market continues to develop and, therefore, we would not expect utility proposals to ignore likely market changes. We also encourage Respondents to engage with interested stakeholders, including representatives of racially/ethnically diverse or economically distressed communities, when developing EV programs and rate designs as such engagement can result in more robust and customer-responsive proposals.

Finally, the Commission has previously recognized that as the EV market matures, EV

[5] Ind. Code § 8-1-2-1.3 makes non-utility DCFC such an endeavor.

interaction with the electric grid may present a need for utility action to ensure core system reliability objectives are maintained. *See Duke Energy Indiana, LLC,* Cause No. 45616 at 13 (IURC June 1, 2022). Indiana utilities have an obligation to provide adequate retail service to all customers within its service area. Ind. Code § 8-1-2.3-4. We believe it is a reasonable expectation that proactive utility planning will foster the assurance of such service as the EV market develops and encourage utility engagement with their customers to allow such planning. Further, we encourage Respondents to expand their distribution planning such that stakeholders have increased visibility into the challenges and benefits associated with general and specific EV activities.

In conclusion, the Commission finds that Indiana law and policies provide sufficient avenues with needed flexibility for jurisdictional electric utilities to prepare for anticipated EV adoption in their service area through their IRP processes and individual, utility-specific EV proposal proceedings. Because the impact of EV adoption and the "energy infrastructure" required to support it will require Commission consideration of affordability, reliability, environmental sustainability, resiliency, and stability pursuant to Ind. Code § 8-1-2-0.6, attentiveness to these during planning activities will serve all stakeholders well. We believe that existing and ongoing Commission actions in utility-specific proceedings align with the spirit of the federal EV standard, while also providing flexibility to consider and implement specific measures best suited to Indiana's unique situation and needs. We encourage the utilities to engage in greater community outreach and to directly collaborate with interested stakeholders before making a filing with the Commission. We also encourage interested parties to participate in the utility-specific proceedings to facilitate an informed evaluation of utilities' EV-related proposals and to better assess interrelated issues in a way that best serves the public interest.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Commission has sufficient authority by which it can promote the electrification of the transportation sector and it is not appropriate or necessary to implement the PURPA Section 111(d)(21) standard.

2. Each Respondent utility shall review its retail electric tariff and modify it, to the extent necessary, to clarify that resales of electricity consistent with the provisions of Ind. Code § 8-1-2-1.3 will not violate such tariff.

3. The IRP director shall designate the specific issues related to EV planning that each Respondent should include in its next IRP.

4. The Commission will address other EV-related issues in other proceedings, consistent with existing state law and the guidance in this Order.

5. This Order shall be effective on and after the date of its approval.

HUSTON, BENNETT, FREEMAN, VELETA, AND ZIEGNER CONCUR:

APPROVED: DEC 27 2023

I hereby certify that the above is a true and correct copy of the Order as approved.

Regina K. Joyner Digitally signed by Regina K. Joyner Date: 2023.12.27 10:32:06 -05'00' on behalf of

Dana Kosco
Secretary of the Commission